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South and East Asia Report

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6 April 1982

SOUTH AND EAST ASIA REPORT

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CONTENTS

AUSTRALIA

Refugee Migration Agreement With SRV (Melbourne Overseas Service, 16 Mar 82)	1
Briefs	
Soviet Purchases	3
Funds for Poland	3
Uranium Project Approval	3
New Immigration Policy	3
Economic Restraint	4
Industrial Legislation	4
Trade Agreement With New Zealand	4
Food Aid to Somalia	4
Tank Exercise Cancelled	5
February Balance of Payments	5
New Unemployment Figure	5
Antarctic Claimed	5
Foreign Aid	6
New Passport Regulations	6
Oil Exploration Spendings	6
Uranium Exports	6
Buying U.S. F-18's	7
Malaysian Goods	7
Aircraft Purchase Plans	7

INDIA

Text of Finance Minister's 27 Feb Budget Speech (THE TIMES OF INDIA, 28 Feb 82, THE HINDU, 28 Feb 82)....	8
Overall Budget Review	
Tax Proposal Told	
Defense Expenditures Up	
Rise in Plan Outlay	
G. K. Reddy Comment	

U.S. Ambassador Speaks at Press Club Luncheon (PATRIOT, 27 Feb 82)	24
Indo-Soviet Economic Panel To Meet in June (PATRIOT, 27 Feb 82)	26
Finance Minister Reports on Talks With IMF Team (THE HINDU, 27 Feb 82)	27
New Cabinet Installed in Andhra Pradesh (THE HINDU, 28 Feb 82)	28
Gandhi To Address Vienna Space Conference (G. K. Reddy; THE HINDU, 11 Mar 82)	29
Envoys Briefed on South-South Consultations (G. K. Reddy; THE HINDU, 27 Feb 82)	30
Washington Coorespondent Interviews Sikh 'Spokesman' (N. Ram; THE HINDU, 26 Feb 82)	31
Number of Newspapers in India Seen Increasing (THE TIMES OF INDIA, 11 Mar 82)	33
Earning of Public Sector Enterprises Increase (THE TIMES OF INDIA, 26 Feb 82)	35
Vijayawada Congress Shows CPI-M Flexibility (Praful Bidwai; THE TIMES OF INDIA, 26, 27 Feb 82)	36
Minister Says Foreigners Aid Secessionists (THE TIMES OF INDIA, 26 Feb 82)	39
Benefits of Mirage, MiG Purchases Told (Inder Malhotra; THE TIMES OF INDIA, 18 Feb 82)	40
Soviet Construction Minister's Activities Reported (PATRIOT, 6 Mar 82)	42
Analyst Tells Expectations From Ustinov Visit (G. K. Reddy; THE HINDU, 9 Mar 82)	43
Foreign Office Officials To Visit East Europe (G. K. Reddy; THE HINDU, 5 Mar 82)	45
Chauhan Case Symptomatic of Relations With U.S. (G. K. Reddy; THE HINDU, 18 Feb 82)	47
India, Greece To Expand Economic Relations (THE STATEMAN, 6 Mar 82)	48

G. K. Reddy on Efforts To End Iran-Iraq War (G. K. Reddy; THE HINDU, 6 Mar 82)	49
Rao To Attend Nonaligned Meeting in Kuwait (G. K. Reddy; THE HINDU, 10 Mar 82)	50
Briefs	
Trade With Bulgaria	52
France Offers Credit	52
Indo-Pakistani Rail Pact	53
Admiral Sethi Appointment	53
Goods to USSR	53

INDONESIA

Report on Suharto's Instruction on Transmigration Work (ANTARA, 23 Mar 82)	54
Suharto Speaks on National Family Planning Program (ANTARA, 22 Mar 82)	55
Subroto Returns, Speaks on OPEC Meeting (ANTARA, 23 Mar 82)	56
Non-Oil Export Earnings Drop in 1981 (ANTARA, 20 Mar 82)	57
Briefs	
'Big Powers' Criticized	59
New Indian, Tunisian Ambassadors	59
Plywood to U.S.	59

MALAYSIA

Mahathir Gives Assurances on Foreign Investment (Lumpur International Service, 16 Mar 82)	60
Talks Held With Musa Hitam (Lumpur International Service, 20 Mar 82)	62
Finance Minister Criticizes Industrialized Countries (AFP, 20 Mar 82)	63
Compensation for Loss in Tin Sales Discussed (Lumpur International Service, 18 Mar 82)	64
'AFP' Reports 'Massive' Trade Deficit (AFP, 19 Mar 82)	66
Kuala Lumpur Welcomes EEC Decision To Join Sixth Tin Agreement (Lumpur International Service, 24 Mar 82)	67

Musa Hitam Returns From Visit to Brunei (Lumpur International Service, 19 Mar 82)	69
Briefs	
Mahathir, Van Agt Cooperation Talks	70
NEW ZEALAND	
Labor Leader Calls for French Goods Boycott (Ray Lilley; AFP, 19 Mar 82)	71
PAKISTAN	
Minister's 'Surprising' Statement Criticized (VIEWPOINT, 4 Mar 82)	73
Commentary on Recent Arrests (M. A. Kamran; VIEWPOINT, 4 Mar 82)	75
JI's Covenant Discussed (VIEWPOINT, 4 Mar 82)	76
Plea To Set Up Language Commission (VIEWPOINT, 4 Mar 82)	77
Laws by Federal Council Termed 'Bogus' (VIEWPOINT, 4 Mar 82)	79
Cordial Relations With Russian Urged (VIEWPOINT, 4 Mar 82)	80
Briefs	
Minto Elected Bar Chief	81
On Dr Aslam Naru	81
Magazine Seized	81
PHILIPPINES	
Background to Virata Appointment Viewed (Teodoro Benigno; AFP, 18 Mar 82)	82
Briefs	
Election Moves	84
Communist Party Prospects	84
Conspiracy Charges	85
MNLF Terrorists Surrender	85
THAILAND	
'SIAM MAI': Thai, ASEAN Interest on Kampuchea Not Identical (Editorial; SIAM MAI, 13 Feb 82)	86

Newsman Asked to Support Government in Anti-Sua Operations (MATICHON, 5 Feb 82)	88
Gen Han; CPT Gains Politically in South (MATICHON, 6 Feb 82)	89
Government Losing Technocrats to Private Sector (Wirasak Salayakanond; THE MUSLIM, 20 Feb 82)	91
MPs Easy Prey for Corruption, Fraud (MATICHON, 7 Feb 82)	93
Boonchu Discusses Economic Problems (Boonchu Rojanastien; THE NATION REVIEW, 10 Mar 72)....	102
Labor Leader Assassinated (THE NATION REVIEW, 7 Mar 82)	107
Editorial Voices Despair Over Future of Democratic Government (Editorial; TAWAN SIAM, 16 Jan 82)	109
Protests Raised Over Thahan Phran Atrocities (MATICHON, 15 Jan 82, BAN MUANG, 16 Jan 82)	110
'MATICHON' Editorial	
'BAN MUANG' Commentary, by Nui Bangkhunthien	
Reasons for SAP Disunity Discussed (SIAM MAI, 13 Feb 82)	113
Military Control of Economy Blamed for Problems (KHAO CHATURAT, 15 Feb 82)	116
Commentary Hits RTG Indochina Trade Policies (KHAO CHATURAT, 15 Feb 82)	125
Benefits of Trade With USSR Noted (KHAO CHATURAT, 15 Feb 82)	127
Sitthi Comments on Kampuchean Talks (Bangkok Domestic Service, 19 Mar 82)	130
Prasong Briefs Italian Defense College Students (Bangkok Domestic Service, 22 Mar 82)	131
Bangkok Reports Netherlands Premier's Departure Statement (Bangkok Domestic Service, 20 Mar 82)	132
Military Official on Border Situation (Bangkok Domestic Service, 18 Mar 82)	133
Dutch Prime Minister Discusses Economic Issues (Bangkok Domestic Service, 17 Mar 82)	135

Briefs

Dutch Prime Minister Arrives	137
Communist Activities in Chanthaburi	137
Observation of Afghanistan Day	137
Solving Kampuchea Problem	138
Outgoing Brazilian Ambassador	138
Gold, Currency Reserves Drop	138

AUSTRALIA

REFUGEE MIGRATION AGREEMENT WITH SRV

BK161350 Melbourne Overseas Service in English 1110 GMT 16 Mar 82

[From the "Australian Insight" program]

[Excerpt] An orderly migration program for Vietnamese people who want to come to Australia is to be set up in accordance with the agreement reached between the Australian and Vietnamese governments. The new immigration policy of Vietnam, announced in the Australian parliament today, followed a visit by Australian officials to Hanoi last week where a bilateral agreement in principle was negotiated with an emphasis on assisting family reunions. This report from political correspondent (Bill Nicholl):

Announcing the new policy to the Australian parliament today, the minister for immigration, Mr MacPhee, said the continuing outflow of people from Vietnam was a matter of continuing concern for Southeast Asia and Australia. Mr MacPhee said he had had a series of discussions with his counterparts in Malaysia and Thailand about ways with which it might be possible to deter the outflow of people making what he called extremely hazardous journeys in small boats from Vietnam. For this reason, he said, the Australian Government had been negotiating with Vietnam for an orderly departure program from Vietnam to Australia. Without such an arrangement, he said, desperate people would always find a way around the moratorium on illegal departures imposed by Vietnam. The emphasis of the new program would be the reunification of families parted in the last 7 years. Mr MacPhee said it was hoped that movement to Australia of these people would begin after procedural arrangements had been finalized over the next couple of months. Mr MacPhee;

[Begin recording] What it does mean is that those who are identified as members of a family of people who have to come to Australia as refugees will now be processed in Vietnam in accordance with procedures to be formalized between the government of Vietnam and the Australian Government. The most significant breakthrough one could imagine now--what I mean is that they will have to be processed in the normal way and leave by aircraft, and that's a highly significant breakthrough indeed. That's important for not only the individuals involved, it's important for a renewal of normal relations between our two countries, it's important to reduce the outflow

from Vietnam which, therefore, improves Vietnam's relations with Malaysia, Thailand and other countries of Southeast Asia. It also helps Vietnam's international reputation. So for a whole range of mutual beneficial reasons this is extremely important, of course, and it means both governments know they can [words indistinct].

[Question] What about those Indochinese refugees who are coming from the refugee camps and some who are coming by boats still?

[Answer] Well, they are not affected. Anyone who is now in the camps will be processed in accordance with the existing policy. The importance of this announcement of course is that it will diminish the number of people who are (?planning) to go by boat. There may well still be some who go by boat but majority of those who have relatives in Australia will not, of course, have to risk a journey by boat where they can suffer death or, at least, rape or piracy. But they will join in the interview process and be interviewed by us and examined in accordance with our ordinary family reunion criteria. [end recording].

CS0: 4220/438

BRIEFS

SOVIET PURCHASES--A Liberal senator has claimed the Australian Wheat Board is assisting the Soviet Union with its grain payments despite restrictions imposed by Australia after the Soviet military intervention in Afghanistan. Senator John Martyr of Western Australia said the board's latest sale of 1 million tons of wheat to the Soviet Union was arranged on short-term credit at commercial rates. Senator Martyr said the deal had been concluded despite the Soviet Union's usual cash payments for recent wheat purchases. [Text] [BK180630 Melbourne Overseas Service in English 0500 GMT 18 Mar 82]

FUNDS FOR POLAND--People in Australia have donated a further quarter of a million dollars to the international help Poland live appeal. This brings Australia's total donation since 13 December to \$1.4 million, that is U.S.\$1.5 million. The money will be specifically used to buy baby food. [BK161035 Melbourne Overseas Service in English 0830 GMT 15 Mar 82 BK]

URANIUM PROJECT APPROVAL--Conditional approval has been given for the development of the Jabiluka uranium mine in the northern territory. The minister for trade and resources, Mr Anthony, said the approval was subject to an agreement being finalized with the aboriginal owners of the area. The conditional approval by the federal government means the partners in the Jabiluka project--Pen Continental Mining Limited and Getty Oil Development Company--can begin negotiations for uranium sales. [Text] [Melbourne Overseas Service in English 0830 GMT 16 Mar 82 BK]

NEW IMMIGRATION POLICY--Australia is to tighten the criteria for selection of refugees. The minister for immigration and ethnic affairs, Mr MacPhee, told parliament that Australia would no longer recognize the mandated status of refugees accorded by the United Nations High Commissioner for Refugees. He said refugees would have to meet the stricter definition in the United Nations convention. At the same time MacPhee said Australia would increase its intake of refugees from South America and Poland and had reached agreement in principle for an orderly departure program from Vietnam. [Text] [BK161330 Melbourne Overseas Service in English 1230 GMT 16 Mar 82]

ECONOMIC RESTRAINT--In the aftermath of the Liberal Party's loss of the seat of Lowe in a weekend byelection, the treasurer, Mr Howard, has said that the government remains committed to the path of restraint in expenditure. The government lost the seat with a swing of more than 8 percent to labor, prompting political analysts to speculate on the future of the prime minister, Mr Fraser, and about possible changes in government policy. Mr Howard said that the last thing the Australian economy wanted was major expansion in the budget deficit. He said such a course would mean higher inflation and higher interest rates. Mr Howard said reductions in government expenditure were not easy particularly with what he called resentment of the principle that the user should pay for services. [Text] [BK150957 Melbourne Overseas Service in English 0830 GMT 15 Mar 82]

INDUSTRIAL LEGISLATION--The executive of the Australian Council of Trade Unions says it will campaign vigorously to make sure the government's proposed industrial legislation never takes effect. The planned laws cover the creation of industry unions, the abolition of preferences to unionists in the work place and the granting to employers of the right to stand down striking employees. The ACTU executive said there was no general support in the community for the proposed legislation and its main effect would be to increase the number of industrial disputes in Australia. The ACTU executive also decided to look at ways of bringing its anti-uranium policy into force more successfully. Speaking at the end of an executive meeting, the ACTU president, Mr Dolan, said it remained totally opposed to the mining and export of uranium. [Text] [BK121149 Melbourne Overseas Service in English 0830 GMT 12 Mar 82]

TRADE AGREEMENT WITH NEW ZEALAND--The federal cabinet is reported to be committed to introducing a free trade agreement between Australia and New Zealand from the beginning of next year. Radio Australia's Canberra office says despite New Zealand's hopes of an earlier settlement, the cabinet is working to have the agreement in operation by 1 January. An Australian delegation will go to Wellington later this month and there will be a further round of negotiations in Canberra in April. Our office in Canberra understands that there are two remaining points that need to be clarified. One concerns the extension of New Zealand's only steel mill. The Australian steel industry says the extension of the mill makes nonsense of the concept of closer economic links because steel can be produced much cheaper in Australia. The Australian dairy industry has also expressed concern about the agreement. It fears that the highly efficient New Zealand dairy industry might take over large areas of Australia's domestic market. [Text] [BK161633 Melbourne Overseas Service in English 0830 GMT 16 Mar 82]

FOOD AID TO SOMALIA--Australia is to provide about \$4million in food aid to Somalia. More than 10,000 tons of flour and 2,000 tons of rice will be sent to Somalia in the next 4 months for distribution by the United Nations to refugee communities. The minister for foreign affairs, Mr Street, said the food was [to] assist the large number of people who had sought refuge

in Somalia from the civil war in Ethiopia and the prolonged drought in North Africa. International aid workers estimate that there are more than 1 million refugees in Somalia. [Text] [BK120655 Melbourne Overseas Service in English 0830 GMT 11 Mar 82 BK]

TANK EXERCISE CANCELLED--The army's major exercise of the year has been cancelled because of an economy drive in the defense department. The month-long operation involving about 500 soldiers, tanks and support vehicles was to have begun next Thursday [18 March] in northwestern Victoria. Its purpose was to test the operation of the armored regiment in desert conditions. [Excerpt] [Melbourne Overseas Service in English 0830 GMT 11 Mar 82 BK]

FEBRUARY BALANCE OF PAYMENTS--Australia's balance of payments improved last month. Bureau of statistics figures show a credit of A\$40 million or more than U.S.\$42 million, compared with a deficit of \$400 million in January. The main reason for the turn around was an increase of nearly \$400 million in capital from overseas. This figure had shown a fall in January. A Radio Australia finance reporter says the return to a surplus in the balance could go some way toward easing pressure on interest rates. One of the reasons for the higher interest rates has been the shortage of money caused by the balance of payments deficit still running at nearly \$1,700 million this financial year. [Text] [Melbourne Overseas Service in English 0830 GMT 11 Mar 82 BK]

NEW UNEMPLOYMENT FIGURE--Unemployment in Australia has gone above 400,000 for the first time. Figures released by the Bureau of Statistics show there were 404,500 people looking for full time work in February. That represents 7 percent of the full time work force, the highest in percentage terms for 3 years. When people looking for part time work are added, the total unemployed in Australia is just 18,000 short of half a million. [Text] [Melbourne Overseas Service in English 0500 GMT 11 Mar 82 BK]

ANTARCTIC CLAIMED--Canberra, 10 Mar (AFP)--Australia's claim to 40 percent of the Antarctic was defended by the government today following an opposition claim that the 130 personnel currently in 3 bases was not enough to justify such a large claim. The opposition said that countries like the United States and the Soviet Union far outstripped Australia in scientific research in the area, and that recent spending cuts were inhibiting advancement of Australia's presence. Science and Technology Minister David Thomson, in defending government activity in the area, said that a country the size of Australia could not hope to match the output of scientific work of larger countries, and that a rebuilding programme was now under way at a cost of 8 million Australian dollars (8.59 million U.S.). Australia could only strengthen claims to the area, he said, by continued scientific research of a significant nature. [Text] [BK110115 Hong Kong AFP in English 0753 GMT 10 Mar 82]

FOREIGN AID--It has been claimed that Australia will not be able to meet the commitment to increase spending on foreign aid this year by A\$100 million or more than U.S.\$110 million. The national director of the aid agency--Community Aid Abroad--Mr (Harry Martin), says the extra money will not be spent because of cuts in staffing of the Australian Development Assistance Bureau and a recent freeze on government spending. He says the staff cuts mean that the bureau will not be able to plan and implement enough new projects in developing countries. Mr (Martin) says Australia's promise to increase spending on aid made at budget time last year has now been shown to be nothing more than a pretense. [Text] [BK210901 Melbourne Overseas Service in English 0830 GMT 21 Mar 82]

NEW PASSPORT REGULATIONS--The Foreign Affairs Department has introduced new regulations to try to prevent the fraudulent issue of passports. The director of the diplomatic security at the Foreign Affairs Department, Mr (Scott), said that up to last December, any person could have obtained an Australian passport without proper documentation. Mr (Scott) said the system had been changed and that from 14 April there will be more security checks on the people working in passport offices. Under the new regulations, a birth certificate has to be supplied with a passport application. [BK231225 Melbourne Overseas Service in English 0500 GMT 17 Mar 82 BK]

OIL EXPLORATION SPENDING--There has been a big increase in the amount of money spent on oil exploration in Australia. Figures for the December quarter last year released by the Bureau of Statistics show expenditures for the 3 months was over A\$205 million, that is about U.S.\$220 million. It shows an increase of \$87 million on expenditures in the September quarter and more than double the spending for the same period last year. [Text] [Melbourne Overseas Service in English 0830 GMT 23 Mar 82 BK]

URANIUM EXPORTS--Canberra, 24 Mar (AFP)--The Australian Government believes that by exporting uranium, it is actively contributing to the world non-proliferation of nuclear weapons, Deputy Prime Minister Doug Anthony said in a statement issued in parliament here today. Mr. Anthony is currently on a three-day visit to Burma, and his statement was issued in response to a parliamentary opposition question. The signing of a bilateral safeguards agreement before any sale ensured the uranium was used only for peaceful purposes, he said. "In the case of nuclear weapon states, we require an assurance that nuclear material supplied for peaceful purposes will not be directed to military or explosive purposes. "Wider foreign policy considerations may also be taken into account, and the government reserves the right to refrain from permitting export should this be appropriate in the light of such considerations." he said. Mr. Anthony concluded by saying that Australia strengthened international non-proliferation by being a reliable supplier within this framework, and also by contributing to the peaceful energy needs of eligible customer countries. [Text] [BK241047 Hong Kong AFP in English 0246 GMT 24 Mar 82]

BUYING U.S. F-18'S--Australian industry will benefit from the government's decision to buy the American F-18 fighter aircraft by more than \$500 million. The minister for defense, Mr Killen, told parliament today that \$530 million to \$540 million worth of contracts had been awarded to Australian industry and the government was searching for more local companies to fill contracts. The minister said the expected total cost of the purchase in August last year was \$2,430 million. [Text] [BK241051 Melbourne Overseas Service in English 0830 GMT 24 Mar 82]

MALAYSIAN GOODS--Malaysia has again urged Australia to open its market to Malaysian goods to reduce the increasing trade imbalance in Australia's favor. The call was made to the deputy Australian prime minister, Mr Anthony, who is on a 4-day visit to Malaysia. Mr Anthony had talks today with Malaysia's Trade Minister Tengku Rithauddeen and the primary industry minister, Datuk Paul Leong. At present, most of Malaysia's exports to Australia are in timber products, textiles and footwear which all face high import duties and quotas. [Text] [BK220929 Melbourne Overseas Service in English 0830 GMT 22 Mar 82]

AIRCRAFT PURCHASE PLANS--New Delhi, March 5--Mr R. Venkataraman, Defence Minister, told the Lok Sabha today that the Soviet AN-32 aircraft had been selected to replace the Fairchild Packet aircraft. The Minister, who was replying to questions on the crash of the Indian Air Force Fairchild Packet aircraft near Lohi Malar in Jammu area on February 7, said the Government had already taken a decision to phase out the Fairchild aircraft in due course. The phasing out depended upon the availability of the new type of aircraft. He said an order had been placed for AN-32. Mr Venkataraman told Dr Subramanyam Swamy that the Government had taken a decision to choose AN-32 after examining other types including a Franco-German aircraft, the Lockheed L-100 of U.S. and the Canadian "Buffalo." Mr Venkataraman said the Fairchild Packet aircraft had been introduced in the Air Force in 1954. Eleven accidents involving 77 casualties had occurred from 1977 to 1982. He, however, said the aircraft was not considered unsuitable for operation. The Fairchild aircraft had now been fitted with a better propeller system, he said, and assured the House that the crew of the Air Force had great confidence in flying it. [Text] [Madras THE HINDU in English 6 Mar 82 p 6]

CSO: 4220/7963

TEXT OF FINANCE MINISTER'S 27 FEB BUDGET SPEECH

Overall Budget Review

Bombay THE TIMES OF INDIA in English 28 Feb 82 p 6

[Text]

NEW DELHI,

February 27. (PTI).

THE following is the text of finance minister's speech:

I rise to present the budget for the year 1982-83.

The economic survey for 1981-82, pilged before the House a few days ago, gives a detailed review of the current trends in the economy. I shall, therefore, touch upon only a few important aspects of the economic situation, which have influenced the formulation of this year's budget.

As the House is aware, when the present government came into office, a little over two years ago, the country was faced with a serious and deteriorating economic situation. The gross national product had declined by as much as 4.5 per cent in 1979-80, the infrastructure was in a shambles and prices had increased at an annual rate of 23.3 per cent by the end of January, 1980.

It was against this background that, while presenting the regular budget for 1980-81, my distinguished predecessor had informed the House that an important task before the government was to arrest the deterioration in the economic situation and to set the economy on the path of stability and growth.

I am glad to say that we have gone a long way in achieving these objectives. Our gross national product in real terms increased by 7.5 per cent in 1980-81 and is expected to grow further by 4.5 per cent in 1981-82.

The infrastructure is functioning well. Inflation is being controlled. Production of food grains is likely to reach a new peak this year. The industrial sector will record a growth of 8 per cent.

Priority for fight against inflation

The fight against inflation has been a high priority of the government. Any slackening of effort on this front would have undermined the very basis of our development. Inflation hurts all sections of the community, but it hurts the weaker and poorer sections the most. Inflation also hampers the development process as investment costs get distorted and financing becomes an increasingly severe problem.

It is, therefore, a matter of satisfaction that we have succeeded in bringing down the rate of inflation substantially.

At the end of January, 1982, the annual rate of inflation on a point-to-point basis was only 4.9 per cent against 15.9 per cent at the end of January, 1981 and 23.3 per cent at the end of January, 1980 when the present government took over.

The deceleration in the wholesale prices has occurred in a wide range of commodities and is being gradually reflected in the consumer price index.

However, the price situation requires constant vigilance and there can be no room for complacency. The international price situation continues to be uncertain. At home, a drought or the failure of a major crop may well upset the demand and supply balance.

We must continue our efforts to increase the supplies of agricultural and industrial commodities and also restrain the growth of aggregate demand. At the same time, we must ensure that anti-social elements do not disrupt supplies and the distribution network.

Grain output may touch peak level

As I mentioned before, foodgrains production is likely to reach a new peak in the current year. The kharif foodgrains production is estimated at around 80 million tonnes against 77.4 million tonnes in 1980-81, and the prospects of rabi crop are good.

Sugarcane production is likely to increase substantially and sugar production should reach a record level of over 6.7 million tonnes. Groundnut production may be 20 to 25 per cent higher than in the last year. Significant increases are also expected in cotton and jute.

The sustained good performance in agriculture is testimony to the hard work of our farmers, agricultural scientists and extension workers.

It also underscores the basic soundness of our agricultural strategy, which has emphasised creation of irrigation potential, greater fertiliser use, spread of high-yielding varieties of seeds and remunerative price support policies.

Industrial production, which had declined by 1.4 per cent in 1979-80, recorded an increase of 4 per cent in 1980-81. In 1981-82, the growth rate will be twice as high. A large number of industries, such as petroleum and petroleum products, fertilisers, steel, cement, vasopast, sugar, newsprint, caustic soda, wagons and commercial vehicles, are expected to achieve new peak levels of production during the year. The increase in industrial production has been sustained by the concerted action taken by the government to improve the performance of infrastructure sectors.

In the current financial year, up to January, power generation has increased by 11.3 per cent. Coal production in the last two years has increased by over 17 million tonnes, and the target of 121 million tonnes for 1981-82 is likely to be exceeded.

In railways, the previous record in freight loading will be surpassed and the revenue earning traffic is expected to go up to 165 billion tonne kilometres. This has been made possible by improvement in operational efficiency as evidenced, for example, by the significant reduction in the wagon turn-round time during the year.

Monetary and credit policies

Monetary and credit policies during the year continued to emphasise the requirements of meeting the credit needs for higher production, particularly in the priority sectors, while restraining the growth of aggregate demand.

In order to restrain the growth of liquidity in the system, the cash reserve rate was increased in phases from 6 to 8 per cent, and the statutory liquidity ratio was raised from 34 to 35 per cent. The bank rate was increased from 9 to 10 per cent, and refinancing rates of the RBI were also raised. Even so, the growth of bank credit to the commercial sector during the year 1981-82 is likely to be of the order of 19 per cent, which should be adequate to meet the legitimate credit requirements of productive sectors.

Hon'ble members will be happy to note that the operation of our public-sector banks has been further oriented towards extending banking facilities to underbanked rural and semi-urban areas, and enlarging the flow of credit to priority sectors, particularly the weaker sections of society. During January-November, 1981, 2,517 new branches were opened by commercial banks of which 2,269 were in the rural and semi-urban areas. During 1981, 22 regional rural banks were added to 85 such banks as at the end of 1980.

The priority sectors now account for about 36 per cent. The target to be achieved by March, 1985 is 40 per cent.

Bank for rural development

The differential rate of interest scheme has been effectively implemented and the target of 1 per cent of aggregate credit for this scheme is being achieved by public-sector banks.

The National Bank for Agricultural and Rural Development is expected to start functioning within the next few months. I am also pleased to inform the house that the Export-Import Bank of India has been established with effect from January 1, 1982.

I would now like to refer to the balance of payments situation. As the house is aware, there has been a substantial deterioration in our balance of payments since 1979-80, primarily because of sharp increases in import prices, particularly of oil and oil products.

Anticipating these developments, the government made timely arrangements to negotiate a line of credit for SDR 5 billion from the International Monetary Fund under its extended fund facility. This was necessary to avoid the disruption of our economy for want of essential imports and to gain time for readjustment to the new situation. This line of credit has been accepted in order to support an adjustment programme drawn from our strategy of planned development. It will help us to implement our own policies which have

2 new savings schemes

NEW DELHI, February 27 (PTI): The finance minister, Mr. Pranab Mukherjee, today announced two new savings schemes — a social security certificate for small savers and a capital investment bond.

Under the social security certificate scheme, an individual between the age of 18 and 45 can invest up to Rs. 5,000, which will triple in 10 years. The certificate will also provide social security to his family.

In the case of the investor's death, his nominee or legal heir will become immediately entitled to the full maturity value of the certificate.

Mr. Mukherjee hoped this national saving instrument would prove particularly attractive to large numbers in the rural areas, and persons of small means everywhere.

The capital investment bond is designed to attract private savings for public-sector investment.

These bonds will have a maturity of ten years and carry an interest of seven per cent, free of income-tax. They will also be exempt from wealth tax, and up to Rs. 10 lakhs in the case of their first holder, from gift tax. Purchasers will have to duly account for these investments.

been sanctioned and approved by our people and parliament.

The main elements of the government's strategy for restoring the viability of our balance of payments in the coming year are: first and foremost, an increase in the domestic production of petroleum and petroleum products, fertilisers, steel, edible oils and non-ferrous metals. These account for nearly 60 per cent of our total imports. The government has taken necessary action to step up production and investment in these and other critical areas.

We must also intensify our efforts at expanding the export base and creating conditions conducive to larger exports. Exports have increased by 15.4 per cent during the first eight months of the financial year, which is encouraging. However, in several areas, particularly in our traditional exports, such as textile fabrics, jute and tea, we are facing unfavourable world market conditions.

While sustaining exports of these and other traditional commodities, much greater effort is now needed to expand those exports for which world markets are growing. In recent years, our receipts from invisibles, particularly from remittances by non-residents of Indian origin, have shown a healthy growth. This has been a stabilising factor in our balance of payments, and we must continue to provide adequate facilities for growth of receipts from this source.

The past two years have been years of crisis management and recovery. It is a measure of our success that the economy is now back on the rails. This provides us an opportunity to initiate further efforts for moving the economy forward and to achieve the necessary medium-term adjustment.

The objective of policy in 1982-83 will be to maintain the momentum of growth and to make an all-out effort to achieve the social and economic objectives of the sixth plan. This would call for larger investments and a relentless pursuit of goals of higher productivity, efficiency and reduction in disparities. This is the message of the revised 20-point programme. The programme identifies the areas of social thrust in which there must be no compromise on performance.

Rising trend of protectionism

The tasks that lie ahead are not easy. Hon'ble members are well aware of the evolving geo-political situation in our region and the difficult environment in which we are functioning. While we strive to resolve the situation in the spirit of goodwill, we have to take all necessary steps to safeguard the security of the nation. This burden, which is not of our seeking, will involve sacrifices on the part of our people.

In the international economic sphere, there is rising trend towards protectionism which inhibits access to markets abroad. The environment for economic co-operation has also deteriorated, and the flow of concessional resources is likely to be less than envisaged earlier. In concert with other developing countries, we must continue to press for reforms in the international economic order and to reverse these disquieting trends. However, prudent management of the economy requires that due account is taken of the present international situation in devising our economic policies.

The investment requirements of the economy are large and brook no delay. It is essential that we now make a determined effort to mobilise more resources for investment. Maintenance of a non-inflationary environment requires that additional resource mobilisation represents real savings in the economy. However, adequate resources for further investment in new capacities will not be forthcoming unless

we also take action to utilise the existing capacities fully.

I am sure that this house will share my hope that all sections of the community would do their utmost to make this year productivity a success. On its part, the government would endeavour to provide due encouragement to promote this objective.

Need to check black money

Mobilisation of resources in a non-inflationary way must be a multi-pronged effort. It is necessary to make appropriate adjustments in taxation and to ensure better tax collection.

The pernicious growth of black money in the economy has been a major source of concern to the government and parliament. Various economic offences have seriously eroded our development efforts.

In the past, we took a series of measures to fight against this menace. Unfortunately, this thrust was diluted during the period when we were out of office. I can assure the hon'ble members that our commitment to eradicate all economic offences firm and uncompromising. I am taking steps to ensure that the provisions of law are applied vigorously and effectively to combat economic offences.

We must also continue to adjust administered prices in line with economic cost. Uneconomic pricing policies in the public sector and in high priority industries result in erosion of resources for further investment and lead to malpractices by unscrupulous traders.

Price adjustments carried out in the last two years have amply demonstrated the important role of appropriate pricing policies in ensuring viable operations, generating additional resources and reducing the scope for generation of black money.

One of the strengths of our economy is the fairly high rate of savings. Most of these savings occur in the household sector. We need to ensure that savers have an adequate incentive to hold their savings in financial instruments. This could play a significant role in providing more resources for investment. Over the past two years, several steps have been taken in this direction. This thrust should continue.

In order to mobilise private savings for public use, the government has decided to issue two new savings instruments. The first is a social security certificate which has been specially designed for the small saver. Under this scheme, an individual between the age of 18 and 45 can invest up to Rs. 5,000, which will triple in ten years. The certificate will also provide social security to his family. In the case of the investor's demise, his nominee or legal heir will become immediately entitled to the full maturity value of the certificate. The de-

tails of the scheme will be announced separately. I trust that this national savings instrument will prove particularly attractive to large numbers in rural areas, and persons of small means everywhere.

The second instrument is the capital investment bond which is designed to attract a larger flow of private savings for public sector investment. These bonds will have a maturity of ten years and carry an interest rate of seven per cent, free of income-tax. They will also be exempt from wealth tax and up to Rs. ten

lakhs, in the case of their first holder, from gift tax. Purchasers will have to duly accredit for these investments.

The rate of savings that we have been able to achieve is a tribute to the habits of thrift and good sense of our people.

I have no doubt that they will take full advantage of the new opportunities and incentives that are being given to promote savings.

Incentives for non-residents

Remittances are an important source of foreign exchange for the country. They are also a manifestation of cultural and family ties that exist between the people of this country and the people of Indian origin abroad. In order to further encourage the flow of funds from this source, it has been decided to improve the facilities available to non-residents.

Any investment, without repatriation rights, made by non-residents of Indian origin, so long as it is not for transactions in commercial property and land, will be treated on the same footing as investments of resident Indian nationals. They will be allowed to invest, with repatriation rights, in any new or existing company up to 40 per cent of the capital issued by such company. They can now purchase shares of companies quoted on the stock exchanges subject to specified limits.

The interest rates on new deposits at maturities of one year and above held in non-resident external accounts will carry interest of two per cent above the rates permissible on local deposits or comparable maturities. Rights made in India out of deposits in their external accounts will be free from gift tax.

Non-residents can also invest in the 12 per cent six-year national savings certificates which, for them, will be free from wealth, income and gift taxes. Facilities for investment in non-resident external accounts and India companies will be extended to companies, partnership firms, trusts, societies and other corporate bodies owned, to the extent of at least 60 per cent, by non-residents of Indian origin.

I shall now turn to the revised estimates for 1961-62 and the budget estimates for 1962-63.

I am happy to inform the House that there has been an all-round improvement in revenue receipts during 1961-62. It is gratifying that despite significant tax concessions given in 1961-62 budget, the receipts from income-tax are likely to be Rs. 1,520 crores against the budget estimates of Rs. 1,444 crores.

Similarly, the receipts from corporation tax are likely to go up from Rs. 1,962 crores in the revised estimates. This increase is due to higher profits accruing to the Oil and Natural Gas Commission and Oil India following the increase in the prices of crude effected last July.

The receipts from customs duties are also expected to go up from the budget estimates of Rs. 3,833 crores to Rs. 4,140 crores in the revised estimates.

As regards Union excise duties, the House will be happy to note that they are expected to go up from Rs. 7,117 crores to Rs. 7,501 crores, i.e. Rs. 384 crores more. This is clearly indicative of the marked growth in industrial production in the current year.

The gross tax revenues are now estimated to be Rs. 15,754 crores compared with Rs. 4,668 crores in the budget estimates. After deducting the states' shares of various taxes, net tax revenue of the Centre is estimated to be Rs. 943 crores more than the budget estimate of Rs. 10,537 crores.

Non-tax revenues and capital receipts are also estimated to show an improvement of Rs. 579 crores over the budget estimate of Rs. 12,795 crores.

Market borrowings and small savings collections, would be higher by Rs. 100 crores and Rs. 50 crores, respectively. The receipt from special bearer bonds amounted to Rs. 875 crores in the current year against the budget estimate of Rs. 800 crores.

In addition to these receipts, there would be an increase of Rs. 200 crores in the recoveries of ways and means advances from state governments and of Rs. 117 crores in recoveries of technical credits under rupee trade agreements.

Assistance to state plans

On the expenditure side, the total budget support for the plan is estimated to go up to Rs. 10,394 crores against the budget estimates of Rs. 9,771 crores. The Central assistance for state and Union territory plans, including the programmes of the Rural Electrification Corporation, is being stepped up by Rs. 156 crores. A large part of this increase is on account of higher advance plan assistance to those states which have suffered from drought.

In the Central plan, outlays for railways and coal have been increased by Rs. 457 crores and Rs. 105 crores, respectively. Considering the growing pace of disbursements of the Agricultural Refinance and Development Corporation, the Industrial Development Bank of India and other financial institutions, an additional plan support of Rs. 359 crores is being provided to them in the current year.

In view of the erosion in the internal resources of the posts and telegraphs department, a higher budgetary support of Rs. 173 crores is being provided.

On the other hand, shortfalls are anticipated in plan expenditure in certain other sectors. On the whole, the budgetary support for the Central plan is estimated to go up by Rs. 467 crores in the revised estimates.

The budget estimates provided for non-plan expenditure of Rs. 15,100 crores. This expenditure will also be higher in the current year due to several reasons.

The provision for defence expenditure is being increased from Rs. 4,200 crores to Rs. 4,600 crores.

Similarly, the provision for non-plan loans to state governments is being increased from Rs. 1,296 crores to Rs. 1,591 crores. This is mainly due to larger share of states out of collections from national small savings and higher ways and means advances which, of course, are being recovered during the course of the year itself.

More outlay for defence

The provision for food subsidy is being increased from 650 crores to Rs. 700 crores, subsidy on controlled and handloom cloth from 106 crores to Rs. 172 crores and the provision for cash compensatory support and market development for exports from Rs. 390 crores to Rs. 477 crores. Provision

for technical credits under rupee trade agreements has also to be increased from Rs. 50 crores to Rs. 175 crores. A provision of Rs. 91 crores has been made in the revised estimates for contributing India's share to the increased capital of the International Bank for Reconstruction and Development. Taking these and other variations into account, non-plan expenditure in the revised estimates is placed Rs. 16,160 crores.

The total expenditure is estimated to be Rs. 26,554 crores in the revised estimates compared with Rs. 24,871 crores in the budget estimates. Against this, the total receipts are now estimated at Rs. 24,854 crores compared with budget estimate of Rs. 23,332 crores. Thus, the current year is expected to close with a deficit of Rs. 1,700 crores, against the budget estimate of Rs. 1,539 crores.

The budget estimates for 1982-83 would show that I have given the highest priority to increasing the plan outlay. The improvement in the economic situation in the last two years gives us an opportunity to make a major thrust towards achieving the goals of the sixth plan. I am providing for an outlay of Rs. 11,000 crores for the Central plan in 1982-83.

In making sectoral allocations, I have tried to emphasise the programmes for the uplift of the poor as enumerated in our 20-point programme as well as the investment needs of the infrastructure sectors.

The next year's Central plan, represents an increase of 27.6 per cent over the plan outlay of Rs. 8,619 crores in the 1981-82 budget estimates. This, hon'ble members will no doubt appreciate, is a very large increase considering, particularly, the commitments needed for safeguarding national security.

Energy sector gets more

The Central plan will be financed by a budgetary support of Rs. 7,341 crores and internal extra-budgetary resources of Rs. 3,657 crores. The internal and extra-budgetary resources of public-sector enterprises would thus account for 33.2 per cent of the plan outlay against 26.8 per cent in the previous year.

The total of plan outlays for 1982-83 of the states and Union territories, including a provisional outlay for West Bengal, is placed at Rs. 10,137 crores. This represents an increase of 14.4 per cent over the outlay of Rs. 8,860 crores in 1981-82. Central assistance for the plan of the states and the Union-territories will be Rs. 4,002 crores compared with Rs. 3,462 crores in budget estimates for 1981-82. Taken together, the plan outlays of the Centre, the states and the Union territories for 1982-83 will be Rs. 21,137 crores, an increase of 21 per cent, over Rs. 17,479 crores in 1981-82.

In Line 9.5 the sixth plan strategy, substantial increases in outlays are envisaged in crucial sectors of the economy. In respect of crude petroleum, there has already been a substantial expansion of output in the current year. With a view to sustaining the tempo of increased production, the outlay for this sector, including refineries and petrochemicals, has been fixed at Rs. 2,045 crores for 1982-83, which represents an increase of 90 per cent over the current year. The outlay for coal is being increased to Rs. 877 crores against Rs. 578 crores in 1981-82, an increase of 52 per cent.

New 20-point programme

In the power sector, the outlay in the Central plan is Rs. 929 crores compared with Rs. 721 crores in 1981-82. Taken together, the outlay for the energy sector, is 62 per cent higher than in the current year, and constituted 34 per cent of the Central plan outlay.

The new Central power projects include installation of additional capacity of 1000 MW each at the Korba and Ramagundam super-thermal power stations. The total outlay for the power sector in the state and Central plans taken together is Rs. 3,977 crores compared with Rs. 3,326 crores in 1981-82. Additional generating capacity of 3,500 MW is expected to be commissioned during 1982-83.

The revised 20-point programme calls for intensified effort in a number of areas, which are vital for the development of economy and for the welfare of our people, especially the weaker sections of society. Effective implementa-

tion of this programme will be a step forward towards the realisation of our goal of social justice. This will call for concerted effort at all levels. In 1982-83, higher outlays have been provided for several areas emphasised in the 20-point programme.

— A provision of Rs. 2,133 crores has been made for irrigation and command area development in the Central and state plans against a provision of Rs. 1,830 crores in 1981-82.

— The outlay for agriculture in the Central and state plans has been raised to Rs. 1,202 crores from Rs. 1,047 crores in 1981-82, including provisions for pulses, oilseeds and dry land farming.

— A provision of Rs. 190 crores has been made for the integrated rural development programme in the Central sector compared with Rs. 145 crores in 1981-82, an increase of 31 per cent. This would be matched by an equivalent provision by the states. Each block will receive Rs. 8 lakhs compared with Rs. 6 lakhs in 1981-82. With this provision more than three million rural families are expected to be assisted in 1982-83.

— The provision in the Central plan for the national rural employment programme is also being increased to Rs. 190 crores. This amount too is to be matched by an equal provision by the states. This programme is expected to generate employment of about 350 million man-days in rural areas besides creating durable community assets.

— Central assistance for the special component plans for scheduled castes has been raised to Rs. 120 crores from Rs. 110 crores in 1981-82. This will be supplemented by a Central investment of Rs. 13.5 crores in the scheduled castes development corporations, with a contribution of the same order by the states. The tribal sub-plan will also have a higher outlay of Rs. 95 crores in 1982-83.

— The outlay for the Centrally sponsored accelerated rural water supply programme is being increased to Rs. 127.5 crores to supplement the state plan outlay of Rs. 273 crores. This will cover an estimated 45,000 problem villages.

— A provision of Rs. 74 crores is being made for house sites for rural landless persons and Rs. 29 crores are be-

Specific levy on newsprint

NEW DELHI, February 27 (PTI): The existing ad valorem levy of 15 per cent on imported newsprint is proposed to be converted to a specific levy of Rs. 85 per tonne.

This is being done to insulate imported newsprint from any increase in the incidence in the international prices, the finance minister explained in his tax proposals.

ing provided for environmental improvement of slums in the state plan:

— An outlay of Rs. 354 crores is planned for rural electrification. About 25,000 villages will be electrified and 4.25 lakh pumpsets energised in 1982-83.

— A provision of Rs. 5 crores has been made to facilitate setting up of 75,000 biogas plants, compared with 35,000 in 1981-82. Likewise, the social forestry scheme is being expanded to cover 4 lakh hectares in 1982-83. Apart from providing much needed fuel wood, these afforestation programmes would help prevent soil erosion and restore the ecological balance.

— The outlay for family planning is being increased to Rs. 245 crores compared with Rs. 155 crores in 1981-82. In view of the crucial role which village health guides can play in the family planning movement, the Centre has decided to fund the village health guide scheme fully.

— a provision of Rs. 120 crores has been made in the Central plan for health care. This will substantially augment universal primary health care facilities, and accelerate national programmes for control of leprosy, T.B. and blindness, with special emphasis on early detection and treatment. A provision of Rs. 82 crores has been made in the minimum needs programme of the states for expanding rural health services.

— programmes for the welfare of women would have an outlay of about Rs. 16 crores in the Central plan which would augment the state plan provision. Special importance is being given to the programme of functional literacy for adult women for which a provision of Rs. 4.6 crores is being made against Rs. 3-crores in 1981-82.

— the integrated child development

services programme is being expanded to 1000 projects by the end of the current plan against the earlier target of 600 projects. An additional 320 projects are proposed to be taken up in 1982-83.

Adult education outlay up

— for the adult education programme, the Central Plan provides an outlay of Rs. 4.25 crores in 1982-83. Major part of this expenditure is for the rural functional literacy project. In 1982-83, it is proposed to establish such projects in 75 additional districts.

— the outlay for the development of villages and small industries has been raised to Rs. 340 crores in the Central and state plans against Rs. 315 crores in 1981-82.

— the Central assistance for the development of hill areas has been raised to Rs. 112 crores against Rs. 92 crores in 1981-82. The government has also recently extended to all hill areas the liberalised pattern of Central assistance comprising 90 per cent grant and ten per cent loan.

The Central plan outlay for the transport sector, including railways, roads, ports and civil aviation is being stepped up to Rs. 1,757 crores from Rs. 1,535 crores in 1981-82. My colleague, the minister for railways was already informed the house about the railways plan for 1982-83.

In order to remove congestion at ports, an intensive modernisation programme, including augmentation of container handling facilities and construction of additional berths, is being implemented.

A provision of Rs. 480 crores has been made in the plan for 1982-83 for the various programmes of the departments of heavy industry and industrial development, including Rs. 97 crores for the Khadi and Village Industries Commission. This also includes Rs. 84 crores for the three large paper projects at Tuli in Nagaland, and at Nowgong and Cachar in Assam.

Hon'ble members would be happy to know that the Nagaland paper project will be going into production shortly. Work on three public sector cement projects will be started in 1982-83. The total installed capacity for cement in the country is expected to go up to 38 million tonnes in 1982-83 as against 32 million tonnes in 1981-82.

The plan outlay for steel for 1982-83 is Rs. 840 crores. This includes a provision of Rs. 250 crores for the Vishakhapatnam steel plant. The first phase of 1.2 million tonnes capacity is expected to be completed by the end of 1985. The work of establishing transport and raw material linkages for the Vijayanagar steel plant project is on hand. The plan also includes

an outlay of Rs. 140 crores for the Orissa aluminium project.

For the chemicals and fertilisers sector, Rs. 507 crores has been provided, including Rs. 210 crores for the Thal-Vaishet project and Rs. 120 crores for the Hazira project.

The successful launching of satellites in 1981 bears testimony to the dramatic strides made by our country in space technology, as part of the space programme.

Achievements in science

The APPLE space craft was launched in June, 1981. This is being utilised for various experiments, such as national television and radio hook-up, digital communication, inter-connection of computers and subscriber trunk dialling. A major objective of the government is to harness science and technology to bring about social and economic change. An outlay of Rs. 154 crores has been provided for the science and technology sector in the Central plan for 1982-83.

The government attaches special importance to renewable energy sources. The commission for additional sources of energy has initiated several important R and D and demonstration projects in the areas of solar thermal, photovoltaic, wind, biomass and integrated energy systems. The government has exempted the manufacture of solar energy devices from industrial licensing.

A notable achievement has been the successful expedition to Antarctica by our scientists. Following the collection of poly-metallic nodules from the sea-bed for the first time by our ships last year, it is proposed to undertake a detailed survey in the Indian Ocean. An allocation of Rs. 17 crores has been included in the plan of the science and technology sector for the recently created department of ocean development.

While I have tried to contain non-plan expenditure for the next year, certain increases have been unavoidable. Defence expenditure is estimated at Rs. 5,100 crores as against Rs. 4,600 crores in the revised estimates for the current year. Hon'ble members will, I am sure, agree with me that in view of the uncertain external environment, the requirements of national defence should be fully met.

Provision for non-plan loans

The provision for non-plan loans to state governments including ways and means advances is estimated at Rs. 1,732 crores as against Rs. 1,591 crores in 1981-82. Due to increase in internal and external debt, which is

utilised for funding development programmes, the provision for interest will go up from Rs. 1,200 crores in the revised estimates to Rs. 1,800 crores in 1982-83. The provision for subsidies on account of food, fertilisers, and controlled and handloom cloth is Rs. 1,270 crores. A provision of Rs. 500 crores has been made for cash compensatory support and market development assistance for exports.

I am also providing a lump sum of Rs. 350 crores in 1982-83 for payment of additional instalments of dearness allowance and pension relief to Central government employees. The government has received representations from pensioners that they should be given some relief in view of the rise in prices. In the budget last year, my distinguished predecessor had announced some benefits to pensioners. I now propose to give further relief, especially at the lower levels of pension.

The minimum amount of pension plus relief will be increased to Rs. 150 per month. The minimum amount of family pension plus relief will also be increased to Rs. 140 per month. These measures will benefit about seven lakh low-paid pensioners, and two lakh family pensioners. I would like to add that about 85 per cent of the former category are retired defence personnel. The house will agree with me that those who have devoted the best years of their lives to the defence of the country are deserving of whatever support we can give them.

The total non-plan expenditure for 1982-83 is estimated at Rs. 17,874 crores as against Rs. 16,160 crores in the revised estimates for 1981-82.

Gross tax revenues

As regards receipts in 1982-83, the gross tax revenues at the existing rates of taxation are estimated at Rs. 17,614 crores compared with Rs. 15,754 crores in the revised estimates.

The states' share of taxes in 1982-83 is estimated at Rs. 4,716 crores compared with Rs. 4,274 crores in the current year. The Centre's net tax revenue will, therefore, be Rs. 12,898 crores as against Rs. 11,480 crores in the current year.

The receipts from market loans are estimated at Rs. 3,200 crores compared with Rs. 2,900 crores in 1981-82. Small savings are estimated to yield Rs. 1,400 crores, compared with Rs. 1,300 crores in the revised estimates. External assistance, net of loan repayments, is estimated at Rs. 1,669 crores compared with Rs. 1,381 crores in 1981-82.

Taking into account these and other improvements in non-tax revenue and capital receipts, as well as the effect of changes in fare and freight rates of the railways, and in the posts and telegraphs tariff to which I shall refer a little later, the total receipts for 1982-83 are estimated at Rs. 27,134 crores. The total expenditure is placed at Rs. 29,219 crores. The overall budgetary gap at the existing rates of taxation will thus be Rs. 2,085 crores.

Tax Proposals Told

Bombay THE TIMES OF INDIA in English 28 Feb 82 pp 6, 7

[Text]

NEW DELHI, February 27.

THE following is the Part-B speech of the finance minister Mr. Pranab Mukherjee, containing tax proposals:

Sir,

Before I present my tax proposals, I would like to indicate the broad objectives I have kept in view. While we take comfort in our success in reducing inflation, it is of utmost importance that the budget itself should not give rise to further inflationary expectations.

Any large uncovered deficit beyond prudent limits is inherently inflationary. It also gives rise to adverse expectations with regard to the behaviour of prices. It is, therefore, my major concern to keep the budgetary deficit as low as feasible.

Another important objective is to avoid measures which would place undue burdens on the low-income and middle-income groups. These groups are the worst sufferers in times of inflation.

As I have already indicated, providing adequate incentives for increasing production and savings in the economy is a prime objective of this budget. Larger savings and increases in productivity can significantly help moderate inflationary pressures and also generate resources for development.

The buoyancy in revenue and the decline in the rate of inflation and the environment of strong agricultural and industrial growth in 1981-82 confirm this.

Direct taxes

So, coming now to direct taxes, my first proposal concerns salaried taxpayers. There have been many representations that the income-tax exemption limit should be raised, taking account of increases in the cost of living. I cannot accept, as a principle, that income limits for exemption from tax should be fixed with reference to cost of living. Nevertheless, I believe some relief to salaried taxpayers within the lowest taxable slab would be appropriate.

At present, salaried taxpayers are entitled to a standard deduction equal to 30 per cent of the salary, subject to a ceiling of Rs. 5,000. I propose to raise the rate of deduction from 30 per cent to 25 per cent, without disturbing the ceiling of Rs. 5,000. This will give a significant measure of relief to those with salaries up to Rs. 20,000. The loss of revenue would be Rs. 21.58 crores in 1982-83.

Taxpayers who are not in receipt of house rent allowance are entitled to a deduction up to Rs. 300 per month in

respect of the house rent paid by them. However, persons receiving house rent allowance are entitled to an exemption up to Rs. 400 per month in respect of the house rent allowance received by them. I propose to raise the monetary ceiling from Rs. 300 to Rs. 400 per month also for those who are not receiving house rent allowance.

The owner of a self-occupied house entitled to a deduction, from the annual letting value of the house, of an amount equal to one-half of the annual letting value or Rs. 1,800 whichever is less. I propose to raise the monetary ceiling of Rs. 1,800 to Rs. 3,600.

The annual letting value of a newly-constructed house let out on rent has been reduced by an amount up to Rs. 2,400 in respect of each residential unit for a period of five years. With a view to providing a stimulus for the construction of houses, particularly for persons with relatively low incomes, I propose to raise the monetary limit of Rs. 2,400 to Rs. 3,600.

I propose to liberalise the scheme of deduction in respect of long-term savings such as Life Insurance, provident fund contributions, etc. A deduction of 100 per cent will be allowed in respect of the first Rs. 6,000 of the qua-

lifting savings, plus 50 per cent of the next Rs. 6,000 of such savings plus 40 per cent of the balance. The monetary ceiling in respect of the savings qualifying for deduction is also being raised from Rs. 30,000 to Rs. 40,000. The higher monetary ceiling in respect of the qualifying savings in the case of authors, playwrights, artists, musicians, actors, sportsmen and athletes, is also being raised from Rs. 50,000 to Rs. 60,000. These incentives for larger savings will result in a revenue loss of Rs. 26.17 crores in a full year and Rs. 19.76 crores in 1982-83. It may be desirable in due course to provide a wider choice of eligible modes of savings to taxpayers. I therefore, propose to extend the existing tax concession in relation to investment in notified Central government securities.

LIC premia

I find that out of the new life insurance policies issued by the Life Insurance Corporation of India, nearly 15 per cent policies lapse before the end of the following year. Such a high volume of lapses shortly after the issue of the policies is a matter of concern. It also implies that the very purpose for which the tax concession is allowed in respect of premium on such policies, which is to promote long-term savings through life insurance, is frustrated. I propose, therefore, to provide that where a taxpayer discontinues a life insurance policy before premium for two years have been paid, no deduction will be allowed in respect of

the premium if any paid under the policy and, if such deduction has been allowed, the same shall be withdrawn.

Under the existing incentives for stimulating savings and investment, income up to Rs. 3,000 from investment in specified financial assets, such as government securities, units in the Unit Trust of India, bank deposits

and shares in Indian Companies, is exempt from income-tax. In addition, income up to Rs. 2,000 from units in the Unit Trust of India is exempted from tax. I propose to raise the ceiling of Rs. 3,000 to Rs. 4,000 and the separate ceiling in respect of income from units, from Rs. 2,000 to Rs. 3,000. This measure will result in a revenue loss of Rs. 12.12 crores in a full year and Rs. 9.09 crores in 1982-83.

As a parallel measure, I propose to raise the ceiling of the value of investments in specified financial assets exempt from wealth-tax, from Rs. 1,50,000 to Rs. 1,65,000. In addition, the separate exemption of Rs. 25,000 provided in respect of units in the Unit Trust of India is proposed to be raised to Rs. 35,000. The revenue loss will be Rs. 1.54 crores in a full year, but there will be no loss in 1982-83.

At present, tax payers are allowed a deduction, in the computation of taxable income, of 50 per cent of amounts invested in equity shares of new industrial companies and companies engaged in providing long-term finance for construction or purchase of houses for residential purposes. The maximum investment in a year qualifying for this deduction is limited to Rs. 18,000. With a view to encouraging larger investments in such companies, I propose to raise the monetary ceiling for investment to Rs. 20,000.

While I have given some relief to those in the lowest taxable income range, I consider that there is scope for more progression in the tax rates for high incomes. I, accordingly, propose to modify the rates of personal taxation, so as to raise the rate of income-tax on the slab of Rs. 60,001 to Rs. 70,000, from 50 per cent to 52.5 per cent, and on the slab of Rs. 85,001 to Rs. 1,00,000, from 55 per cent to 57.5 per cent. This would yield Rs. 3.24 crores in a full year and Rs. 2.43 crores in 1982-83.

Deduction of tax at source from dividends, interest on securities and other interest causes considerable inconvenience, and even hardship, to a large number of small investors whose taxable income is below the exemption limit. For the convenience of such persons, I propose to provide that income-tax shall not be deducted at source if the recipient furnishes a declaration to the payer of such income to the effect that his estimated total income of the relevant year will be below the exemption limit.

I also propose to provide that tax will not be deducted at source from interest paid on such securities of the Central government or a state government as may be notified by the Central government in this behalf.

The tests of "residence" in India laid down for taxation purposes result in hardship to Indian citizens earning income in foreign countries who come to India for short spells. An individual is regarded as resident in India in a

year if he stays here in that year for 30 days only, and also maintains a dwelling house here for 182 days or more. As this test causes hardship to persons working outside India, who come home even on relatively short visits, I propose to delete this test of residence.

Under another test, persons who have been in India for 365 days or more in the four years preceding the relevant year, become resident in that year by being in India for 60 days or more in that year. In the case of Indian citizens who are employed abroad and who come to India on leave or vacation, the period is 90 days. I propose to extend this benefit also to the self-employed and those in other occupations, irrespective of their avocation abroad or the nature of their visit to India.

Indian citizens who go abroad for purposes of employment are now chargeable to tax in India, on their foreign income, if they have stayed in India for more than 60 days that year.

I propose to liberalize the provision so that an Indian citizen who leaves India in any year for purposes of employment shall not be treated as resident unless he has been in India for 182 days or more in that year.

Exchange earnings

I will now come to some proposals regarding foreign exchange earnings. I propose to provide some tax relief to exporters whose export turnover for any year exceeds that of the immediately preceding year by more than 10 per cent. The tax relief, to be calculated at a specified percentage of such excess turnover, would be limited to 10 per cent of the income-tax otherwise payable on export profits. The rate at which the tax relief will be calculated and the goods qualifying for the purposes of this concession will be notified by the Central government.

With a view to strengthening the competitiveness of our construction contractors who have undertaken projects outside India, I propose to exempt 25 per cent of the profits derived by them from such foreign contracts, subject to certain conditions.

With a view to augmenting the capital base of Indian banks engaged in banking operations in foreign countries, I propose to provide that those banks which are approved in this behalf by the Central government would be entitled to a deduction up to 40 per cent of their income carried to a special reserve account.

Interest-tax levied under the Interest-Tax Act forms an integral part of our credit policy. However, taking note of the escalation in costs of industrial projects, I propose to exempt scheduled banks from payment of interest-tax on the interest received by them on loans sanctioned in foreign currency for import of capital plant and machinery. With a view to improving the competitiveness of export of capital plant and machinery, I propose to

DA, pension relief for govt. men

NEW DELHI, - February 27 (PTI): The finance minister, Mr. Pranab Mukherjee, has provided a lump sum of Rs. 250 crores in 1982-83 for payment of additional increments of dearness allowances and pension relief to Central government employees.

Presenting the general budget for 1982-83 to the Lok Sabha today, the finance minister also announced increases in the minimum amounts for family pension plus relief to Rs. 140 per month.

These measures would benefit about seven lakh low-paid pensioners, and two lakh family pensioners, he said. About 85 per cent in the former category are retired defence personnel.

exempt interest paid on credit sanctioned by scheduled banks for export of capital plant and machinery on deferred payment terms outside India.

Investment allowance at the higher rate of 33 per cent is granted in respect of machinery and plant installed for the manufacture of articles made with know-how developed in government laboratories, public-sector companies, recognised institutions and universities. This concession is available in relation to machinery and plant installed up to March 31, 1982. I propose to extend this tax concession for a further period of five years.

Dividends received by a domestic company from an Indian company engaged exclusively or almost exclusively in the manufacture of specified articles are completely exempt from income-tax, having regard to the importance of basic drugs, synthetic rubber and rubber chemicals (including carbon black). I propose to extend the benefit of this tax concession to dividends received from companies engaged in the manufacture of these articles as well.

At present scheduled commercial banks are allowed a deduction in respect of provisions made by them for bad and doubtful debts relating to advances made by their rural branches. The deduction is limited to 1.5 per cent of the aggregate average advances made by the rural branches. In order to promote rural banking and to assist non-scheduled commercial banks operating in the rural sector, I propose to extend the benefit of tax concession to them also.

Energy saving and protection of the environment are high priority areas. I therefore, propose to allow depreciation at 50 per cent on devices and systems for energy saving, or for minimising environmental pollution or for the conservation of natural resources. The list of the qualifying items will be notified in due course.

At present, scheduled commercial banks are allowed a deduction in respect of donations made to approved institutions engaged in carrying out programmes of rural development. I propose to extend this concession to donations made to approved institutions for use in programmes of conservation of natural resources.

Hon'ble members will be happy to hear that I propose to place donations made to the national children's fund at par with donations made to other funds of national importance such as the national defence fund, the Jawaharlal Nehru memorial fund, and the prime minister's national relief fund.

I consider that some rationalisation of the taxation in respect of capital gains is desirable. In the case of non-corporate tax-payers, long-term capital gains up to Rs. 5,000 are deducted in full. Of the balance amount, a deduction of 25 per cent is allowed where the gain relate to lands and buildings and of 40 per cent where the gains relate to other assets.

I propose to modify these provisions so as to retain the deduction to the period for which the capital asset has been held by the tax-payer, and allow a larger deduction in cases where the asset has been held for a longer period. The aggregate deduction in respect of capital gains relating to gold, bullion or jewellery will, however, be restricted to Rs. 5,000 only.

There is an acute shortage of housing, and house building activity has to be given impetus. With a view to providing an incentive to tax-payers who do not own a residential house, I propose to exempt from tax long-term capital gains arising from the transfer of other assets where the net consideration is invested by the tax-payer in a residential house.

At present, capital gains arising from the transfer of a house used for personal residence by the tax-payer are exempt from income-tax to the extent that such gains are utilised by the tax-payer for constructing or purchasing a house for purposes of personal residence within a specified period. These conditions often lead to hardship. I therefore propose to remove these restrictive conditions.

Charitable and religious trusts are required to conform to the investment pattern laid down in the Income-Tax Act. Any trust which has not changed over to this pattern of investment will forfeit exemption from tax from the assessment year 1982-83. These trusts have been given adequate notice to change their investment pattern and, ordinarily, I would not have proposed any modification in these provisions.

However, I find that the whole gamut of the provisions relating to charitable and religious trusts is under consideration by the economic administration reforms commission. As the government would like to carefully consider the recommendation of the commission in this matter, I propose to amend the relevant provisions so that such trusts do not forfeit exemption from income-tax for the assessment year 1982-83.

My distinguished predecessor had made an announcement in the Lok Sabha on the 31st March, 1981, that the provisions of the Income-Tax Act relating to the investment pattern of trust funds would be modified. So as to permit charitable and religious trusts or institutions to invest the trust funds in immovable properties as well. I am proposing an amendment of the relevant provisions of the Income-Tax Act to fulfil the assurance given by him.

Vocational tools

While the levy of wealth tax on agricultural property was discontinued by the Finance (no. 2) Act, 1980, owners of tea, coffee, rubber and cardamom plantations continue to be chargeable to wealth tax. Our experience is that the valuation of agricultural land forming part of such plantations leads to administrative difficulties, complaints of harassment

and litigation. The yield from this levy is also insignificant. I, therefore, propose to discontinue the levy of wealth tax on such plantations as well.

The value of tools and instruments necessary to enable the taxpayer to carry on his profession or vocation is exempt from wealth tax up to an aggregate amount of Rs. 20,000, which appears inadequate. I propose to raise it to Rs. 50,000. I also propose to raise, from the present Rs. 30,000 to Rs. 75,000, the ceiling of the value of conveyances, including motor cars, for the purpose of exemption from wealth tax.

Stamp duty paid on an instrument relating to the gift of any property is allowed as a deduction from the gift tax payable by the taxpayer in cases where the amount of gift tax exceeds Rs. 1,000. I propose to allow the benefit of this deduction even where the gift tax payable does not exceed Rs. 1,000.

The Hotel Receipts Tax Act, 1980, provides for the levy of a tax on the gross receipts of luxury hotels. As the levy of this tax may adversely affect the flow of foreign tourists into India, I propose to discontinue this levy in relation to the chargeable receipts of such hotels accruing or arising or received by them after the 27th February, 1982. The revenue loss would be about Rs. six crores.

The other proposals in the field of direct taxes are of relatively minor importance. I would, therefore, not like to take up the time of the house by referring to them here.

Hon'ble members would have noted that in the direct tax proposals I have set out, I have endeavoured to preserve stability in the tax system, while providing substantial incentives for savings. I have also rationalised the capital gains tax and provided some concessions where necessary.

Indirect taxes

Mr. Speaker, sir, I now turn to the area of indirect taxes. Taking customs duties first, my principal proposal is with regard to auxiliary duties of customs. This level, which has been imposed on an annual basis since the 1973 budget, is proposed to be continued during 1982-83. The balance of payments position has been under strain during 1982-83. The balance of payments position has been under pressure in recent times and will continue to be so for some time to come.

However, a liberalised regime of imports has been a feature of our economic policies. This will be continued in order that investment and production, particularly in essential and priority sectors, are not hampered or slowed down. There is no strong reason, however, why those who have access to imports in a difficult situation should grudge to pay a little more. I accordingly propose to increase the rates of auxiliary duties by five percentage points on all categories of imports, with some exceptions.

I am excluding from the proposed increase in auxiliary duty essential items like crude petroleum, bulk petroleum products such as kerosene, and high speed diesel oil, and some other items on which import duty rates have been advised in the recent past on price parity considerations. Fuller details of these proposals are available in the budget papers.

My proposals relating to auxiliary duties of customs are expected to yield an additional revenue of Rs. 290 crores.

In the light of the present market

conditions, and the need for encouraging a few selected industries, it is necessary to effect certain changes in the basic customs duties. I propose to raise the basic customs duty on cork and cork articles from 40 per cent to 60 per cent ad valorem; on certain categories of dyestuffs, from 60 per cent to 100 per cent ad valorem; and on certain other categories of dyestuffs, pigments and colours and paints and varnishes, from 100 per cent to 150 per cent ad valorem.

I also propose to increase the basic customs duty on certain items of iron and steel, such as melting scrap of stainless steel and heat-resisting steel, and certain categories of alloy steel, excluding stainless steel and heat-resisting steel, from the existing levies to 60 per cent ad valorem. The effective rate of basic customs duty on copper pipes and tubes, blanks and hollow bars of prescribed specifications will be increased from 40 per cent to 60 per cent ad valorem. The basic customs duty on polyester chips is being increased from 100 per cent to 140 per cent. These proposals are likely to result in additional revenue of Rs. 42 crores.

It may be recalled that in the last budget, an effective customs duty of 15 per cent ad valorem was imposed on imported newspaper on which there continues to be large foreign exchange outgo. The government has received representations against this levy. I propose to convert the 'ad valorem' levy to a specific total levy of Rs. 825 per metric tonne so as to obviate automatic increase in its incidence on account of rising international prices, there will be no revenue loss.

The indigenous zinc and lead industries are facing difficulties owing to escalation of input costs, particularly of imported concentrates. In order to enable them to increase their capacity utilisation, I propose to reduce the total customs duty incidence on imported zinc concentrates from 50 per cent to 15 per cent ad valorem and that on lead concentrates from 50 per cent to five per cent ad valorem.

Simultaneously, I propose to increase the customs duty on imported zinc metal from 50 per cent ad valorem to 60 per cent ad valorem in order partly to offset the revenue loss. I propose to increase excise duties on indigenously produced zinc metal,

zinc scrap and zinc products by Rs. 715 per metric tonne and that on lead metal and scrap by Rs. 374 per metric tonne. The excise duty on zinc pipes and tubes will go up from 38.5 per cent to 49.5 per cent ad valorem. These measures, taken together, would result in an overall loss of about Rs. 41 lakhs.

Reduction for ores

With a view to improving the competitive position of Indian chromite ore in the context of falling prices in the export market, I propose to convert the existing specific rates of export duty applicable to different grades of the ore and concentrates to an ad valorem duty of 10 per cent. The revenue sacrifice is of the order of Rs. 1 crore.

I also propose to fully exempt two fertilizers — calcium ammonium nitrate and ammonium sulphate — from customs duties. The import duty on internal combustion engines and non-inter-changeable parts of such engines for manufacture of power tillers is also proposed to be reduced from 125 per cent to 50 per cent.

I propose to fully exempt ten more bulk drugs imported for manufacture of life-saving drugs and medicines. Details are being notified.

During the past few years, the government has been using the fiscal mechanism for accelerating the growth of the electronics industry. As a further step in this strategy, I propose to raise the basic customs duty on electronic items such as computers, calculating machines, accounting machines, cash registers and certain electronic sub-assemblies from the existing levels of 40, 50 and 60 per cent to 100 per cent ad valorem.

On the other hand, I propose to extend the scope of the present import duty concessions to cover 45 new items of capital equipment and 13 new items of raw materials and components used by the electronics industry. The customs duties leviable on these items are proposed to be reduced from the respective existing rates to 35 per cent ad valorem in the case of machinery and instruments and to 35 per cent ad valorem in the case of raw materials and components. The net revenue gain from these proposals is Rs. 13 crores.

Representations have been received that it is not always possible for units in the free trade zones to export their entire production, and that a provision should be made to allow a proportion of the goods manufactured in these zones to be cleared into the domestic tariff area. It has been decided, subject to certain conditions, to allow such removals up to 25 per cent of the production of a unit for sale or use within the country on payment of appropriate duties. Provision is being made in the finance bill to amend the customs and Central excise acts for the purpose.

Special duties

On the Central excise side, the levy of special duties of excise is proposed to be continued at the existing rates during the year 1982-83. The existing exemptions from the special duty are also proposed to be continued.

As I said earlier, my basic approach has been that additions to revenue from Central excise duties should essentially come from increased production. I am also avoiding recourse to measures which could affect retail prices over a wide spectrum of goods. I have accordingly selected only a very few items for increased taxation. In selecting these items, I have kept in view the demand and supply situation which has resulted in undue profits to trading channels, the scope for subjecting certain articles of elite consumption to a higher rate of tax, and the need to restructure the excise and customs duties applicable to certain basic industries.

The government has decided to introduce a scheme of "levy" and "free" sale of cement, and a dual pricing policy based on this concept. Details of the new scheme are being notified by the government separately. There has been no increase in the low level of basic excise duty on cement since January, 1977, even though thereafter the price of cement has increased very substantially.

I propose to increase the total excise duty on ordinary Portland cement, Portland pozzolana cement, blast furnace slag cement and masonry cement, from Rs. 71.50 to Rs. 135 per metric tonne. The more expensive special varieties of cement will be subject to higher rates of duty. The effective total excise duty on cement produced in mini cement plants is proposed to be fixed at Rs. 100 per tonne.

Imported cement

I also propose to impose a basic customs duty of 10 per cent ad valorem on imported cement, together with full countervailing duty. No auxiliary duty would be leviable on imported cement. These proposals will give additional revenue of Rs. 158.73 crores on the Central excise side and Rs. 39.60 crores on the customs side. The impact of the proposed increase in excise duty per bag of cement of 50 kg would work out to Rs. 1.175.

In the recent past, certain expensive electronic goods favoured by the affluent are being produced in increasing quantities. These are now subjected to a very low incidence of duty at 8 per cent ad valorem under item 68 of the Central excise tariff.

I now propose to carve out new entries in the excise tariff, and subject video cassette recorders and reproducers, television cameras and video cameras, and similar goods to a basic excise duty of 25 per cent ad valorem. Blank and recorded

video and audio tapes of the spool and cassette types, as also video discs, are also proposed to be subject to a basic duty of 25 per cent ad valorem.

Records which are not for commercial purposes will be exempt. I also propose to levy basic duty at a higher rate of 40 per cent on electronic machines for games of skill or chance, including those used for television games and video games. These measures would yield revenue of Rs. 3.83 crores.

Toilet preparations not containing alcohol are liable to central excise duty at the basic rate of 100 per cent ad valorem whereas those containing alcohol attract duty under the Medicinal and Toilet Preparations (excise duty) Act at only 60 per cent ad valorem or Rs. 13.20 per litre of more alcohol content, whichever is higher.

Some mixture because of these differential rates has come to notice. I, therefore, propose to raise alternative ad valorem rate of 100 per cent so as to place both categories of toilet preparations more or less at par. The revenue yield from this measure is expected to be Rs. 2.3 crores and would accrue mostly to the states.

Textile policy

Hon'ble members may recall that the textile policy statement of March, 1981, envisaged a review of fiscal levies on man-made fibres and yarn. While cotton will continue to enjoy the predominant position in textiles, it is necessary to encourage increased consumption of blends of cotton and man-made fibres and yarns. If we are to achieve the plan target of even a modest increase in the per capita availability of cloth.

For some time past, blended fabrics containing polyester fibre in proportions too small to impart the requisite durability and easy-care properties to the fabrics are flooding the market with stampings thereon which would mislead the public. From the point of view of better utilisation of polyester fibre, it is necessary to encourage blends of desirable proportions, and discourage blends which do not really serve the intended purpose. I therefore propose to make certain changes in the fiscal levies applicable to man-made fibres and yarns.

I propose to increase the duty on blended cotton yarn and cellulosic spun yarn containing up to one-sixth by weight of polyester fibre from the existing average total incidence of Rs. 1.61 per kg. to Rs. 7.5 per kg. The total incidence on such blended yarns containing more than one-sixth but less than 50 per cent of polyester fibre, which seems to be desirable blends in Indian conditions, is proposed to be reduced from Rs. 22.40 per kg. to Rs. 11.25 per kg. Similarly, the incidence on blends containing 50 per cent or more but less than 70 per cent of polyester fibre is being reduced from Rs. 30

per kg. to Rs. 22.50 per kg. There will be no change with regard to blends containing 70 per cent or more of polyester fibre.

It is proposed to increase the total incidence of Central excise duty on acrylic fibre from Rs. 12.50 to Rs. 17.50 per kg. and simultaneously to reduce the countervailing duty on imported fibre from Rs. 37.50 to Rs. 30 per kg.

Turning to viscose staple fibre, the excise duty is being raised from Rs. 3.125 per kg. to Rs. 4 per kg. and the duty on polysonic and high wet modulus fibres is being reduced from Rs. 5 to Rs. 4 per kg.

Acetate filament yarn which is used in the decentralised sector is not produced in adequate quantities in the country. It is proposed to reduce the customs duty on it from 125 per cent to 20 per cent ad valorem so as to facilitate imports of this yarn.

I do not propose to change the excise or basic customs duty rates applicable to other fibres such as acetate fibre and polyester fibre and other filament yarns such as viscose, nylon and polyester filament yarn.

These proposals would result in a net loss of Rs. 13 crores on the Central excise side and a gain of Rs. 12.94 crores on the customs side.

At present, there is no basic duty leviable on man-made fabrics, the incidence of such duties having been shifted to the fibre and yarn stages. These fabrics attract only additional excise duties in lieu of sales tax. While the present rate structure is progressive on fabrics having ex-factory price up to Rs. 10 per square metre, it is not so in respect of the higher priced fabrics since it introduces a scheme of "levy" and priced fabrics since the duty applicable to them is a uniform 5-12 per cent ad valorem. There are very high-priced fabrics in this range, catering to affluent consumption, and these fabrics can well bear a moderate increase in duties. I, therefore, propose to introduce further progression in the rate structure in such a way that fabrics having ex-factory prices of more than Rs. 20 per square metre would attract duty at 7-12 per cent ad valorem. The additional revenue from this proposal is estimated at Rs. 35 crores, which will go to the states to increase the overall incidence of additional excise duties in lieu of sales tax, as a percentage of the value of clearances. I am sure that parliament and the states would wholeheartedly welcome this step.

The overall effect of the duty changes on blended fabrics containing cotton, cellulosics and polyester would be decrease in the price of desirable blends and an increase in the price of the other less desirable blends.

Simple terms

I have included in the finance bill some provisions designed to achieve simplification and greater clarity in the tariff nomenclature and thereby mini-

mise the scope for classification disputes. These measures are not designed as revenue raising exercises, but because of the changes in classifications, some revenue will accrue. The proposals cover, among others, major petroleum products, artificial and synthetic resins and plastic materials.

I also propose to rationalise and restructure the tariff relating to paper and paper boards, the primary objective being to exempt small-scale paper converters from payment of excise duty and to release them from excise control, in order to recoup the consequent loss in revenue. I propose to raise the basic excise duty on industrial varieties of paper and paper boards by a small margin of 2.5 per cent ad valorem. However, certain converted papers of high value-added categories are proposed to be subject to basic excise duty at 32.5 per cent ad valorem. Similarly, specified articles made of paper and paper board are proposed to be brought within the purview of the tariff item but effectively restricting the levy to printed cartons and printed boxes.

In recent years, the scheme of input excise duty relief has been extended to cover certain specified industrial products. I propose to further extend input duty relief in respect of synthetic rubber, carbon black and rubber processing chemicals going into the production of tyres. To make up for the revenue loss, I propose to raise the duty leviable on tyres from a total of 60.5 per cent to 66 per cent ad valorem. While tyres for tractor and scooters will also enjoy the benefits of the input duty relief, I do not propose to increase the final duty rates on them. As this is intended to be a balancing exercise, no credit for additional revenue is being taken.

As the house is aware, the administered price of aluminium metal is revised periodically, keeping in view escalations in input costs. In order to contain the incidence of excise duty, it is proposed to levy duty at specific rates. The rates would be Rs. 3.085 on electrolytic grade ingots, Rs. 3.125 on billets, Rs. 3.330 on wire rods produced by primary producers and Rs. 3.280 on wire bars. There would be no change in the rates of countervailing duties. The proposal will give some relief to the finances of state electricity boards.

As an anti-avoidance measure, I propose to add to the present ad valorem levy on flat glass, a specific levy at the rate of Rs. 5.50 per millimetre thickness per square metre. Effective rates of duty are being prescribed at lower levels for different categories of flat glass.

The government has received a large number of representations alleging malpractices in the tyre industry on account of the present differential rates of excise duty applicable to branded and unbranded tyres. Many state governments and associations have urged that this distinction should be done

away with. A suggestion to the same effect has also been made in a recent meeting of labour ministers. Taking note of these points, I propose to do away with the existing duty differential and to subject both branded and unbranded biris to a uniform composite duty rate of Rs. 3.60 per thousand.

Simultaneously, the existing quantum of unbranded biris eligible for duty-free clearance is also being reduced from 30 lakhs to 20 lakhs in a financial year. This would still leave self-employed family units, petty shopkeepers etc. out of the tax net.

The general scheme of excise duty concession applicable to small manufacturers of 72 specified groups of commodities is being extended to manufacturers of asbestos, fibre and yarn. Some misuse of the scheme with a view to avoiding excise duty on popular brands of aerated waters has come to notice. I therefore propose to take aerated waters out of the scope of the general scheme and devise a new scheme for it. Essentially, small manufacturers who sell their products under their own brand or trade names would continue to enjoy the benefits available under the present scheme. However, manufacturers who produce and bottle aerated waters under brand or trade names in pursuance of agreements with the owners of such brand or trade names would not be eligible for the concession. This also is purely an anti-avoidance measure.

The general scheme referred to earlier seems to have been similarly exploited by certain small manufacturers of synthetic organic dyestuffs: under the present scheme, clearances up to Rs. 7.5 lakhs are fully exempt and an additional Rs. 7.5 lakhs are subject to duty at 75 per cent of the duty rate applicable to the organised sector. In view of the relatively high rate of duty on dyestuffs and the fact that techniques of production of some dyestuffs are comparatively simple, it appears there has been a proliferation of small units with consequent deleterious effects on the quality, and also on the industry as a whole and on exports. I, therefore, propose to delete dyestuffs from the purview of the general scheme. Under a new scheme which is being announced in respect of dyestuffs, very small manufacturers whose clearances do not exceed Rs. 1 lakh per annum will be fully exempt from excise duty. In the case of other small manufacturers, clearances up to Rs. 15 lakhs of dyestuffs will be subject to 50 per cent of the duty applicable to the organised sector. All manufacturers will be brought under excise control. The monetary content of the present scheme of relief is, by and large, maintained under the new scheme.

At present, certain specified consumer electronic goods manufactured in the small sector attract duty rates lower than the normal rates. To restrict this duty concession to genuine small manufacturers it is proposed to

restrict the scheme of duty exemption to manufacturers with a total annual turnover not exceeding Rs. 2 crore.

With regard to the match industry, I do not propose to disturb the existing duty structure. Small manufacturers whose clearances have not exceeded 150 million matches in the preceding financial year would continue to be eligible for the concessional rate of duty of Rs. 1.60 per gross boxes on clearances up to 120 million matches in the financial year. The concession will not be available if the matches are marketed under the labels of manufacturers who pay duty at Rs. 4.50 or Rs. 7.20.

As honourable members are aware, the government has been using the excise-duty mechanism as a powerful incentive for the growth of the cottage sector of the match industry. A number of manufacturers in the middle sector have, however, challenged in courts of law, the excise concession scheme for the cottage sector and obtained judgments in their favour. This may result in refund of substantial amounts of duty to the middle sector units. As the element of duty at the higher rate would have already been passed on to the millions of consumers, any refund of such duties would only result in unjust enrichment. A provision has been made in the finance bill to obviate this contingency.

There have been some disputes in the recent past regarding the determination of assessable values of excisable goods from a given cum duty price, resulting in considerable litigation. This has resulted in locking up substantial amounts of revenue. It is proposed to suitably amend Section (4) of the Central Excises and Salt Act to make it clear that in computing the amount of duty of excise deductible from the cum duty price the effective amount of duty of excise payable on the goods under assessment shall alone be taken into account. This amendment is being given effect to, retrospectively from October 1, 1975.

It has been the long-standing practice to charge excise duty on goods used for captive consumption within the factory where they are produced. Some doubt had, however, been cast on this position as a result of judgments of some high courts, which interpreted certain provisions of the Central excise rules to hold that duty could not be collected on such goods as they had not been "removed" from the factory. A number of manufacturers have also obtained stay orders from courts based on the same grounds.

The matter has been taken up in appeal. Nevertheless, in order to place the position beyond doubt, the relevant Central excise rules have been suitably amended. A provision has also been included in the finance bill so that these amendments will have retrospective effect and the collections of duty made in accordance with the existing practice will also be validated.

As the house is aware, 1982 has been designated by the Prime Minister as the "productivity year". With the improvement in infrastructural facilities, it is hoped that industrial production would register further growth in the current year. The fiscal mechanism could be judiciously deployed in furthering this objective. With this in view, I propose to formulate a scheme of excise duty concession for increased production of goods during the period of 12 months commencing on March 1, 1982, and ending on February 28, 1983. The scheme would cover 38 tariff items, including some basic raw materials, other important industrial inputs and certain finished products.

Some of the items are caustic soda, fertilisers, synthetic resins, steel ingots and steel products, internal combustion engines, wires and cables, two-and three-wheeled motor vehicles, light and heavy commercial vehicles, tractors, railway wagons, man-made fibres and filament yarn, tyres and writing and printing paper. A full list may be found in the budget papers.

The benefits of the scheme would accrue only in cases where the production in the 12-month period referred to above exceeds 110 per cent of the production during the "Base" period, namely, the 12 months ending on the February 28, 1982. The duty concession would be 1/5th of the total amount of duty paid on the excess production computed, as explained earlier, in respect of goods carrying a basic excise duty of 20 per cent ad valorem or less. The amount so computed for the whole period would be given as a credit which may be utilised for payment of Central excise duty during the financial year 1983-84.

The scheme will apply also to small-scale manufacturers, who actually pay duty.

It is proposed to ensure that those small-scale units which are eligible for the benefits of the relevant excise duty concession schemes and are within the respective cut-off points during the year 1981-82, would continue to be eligible to the said benefits in 1983-84, even if they produce and clear goods in excess of the eligibility limits in the productivity year.

I am sure that industry will rise to the occasion and respond to this generous gesture of the government and achieve new peaks of production. Since the government would also be a beneficiary of the higher production in the shape of increased collection of excise duties, I do not propose to make any amount as revenue loss on account of the proposed concession.

Excise exemptions

I have already referred to the need to minimise the impact of my proposals on the middle and poorer sections of society. I propose to go further and give some concessions on articles of special interest to those sections.

I propose to partially or fully exempt from excise duties several articles of common consumption. Some of these products are of interest to the student community, some are of general utility, yet others of interest to the disabled and one in the interest of horticulture.

I propose to fully exempt from excise duty pencils, erasers, pens, including ballpoint pens and refills, laboratory glassware, enamelware, thermos flasks and parts, water coolers, candles, tooth brushes, spectacles and spectacle frames, one-day alarm clocks, domestic water filters, handpumps, Braille typewriters, invalid carriages and helmets.

Further, I propose to reduce the basic excise duty on specified fruit and vegetable preparations from 15 per cent to 10 per cent *ad valorem*. I also propose to increase the present value limits of Rs. 15 per pair of footwear for eligibility to full duty exemption to Rs. 30 per pair. Lac is also being exempted.

In order to reduce the packaging cost involved in the sale of milk in laminated paper packs, I propose to exempt from excise duty low-density polyethylene film and paper to be used by the Indian Dairy Corporation for the manufacture of such paper packs. This measure should help larger marketing of milk in paper packs, which have a longer shelf life, and also help in the fuller utilisation of surplus milk production in flush seasons.

At present, Mopeds of engine capacity on to 75 cc bear a reduced rate of excise duty of 10 per cent *ad valorem*. This fuel-saving personalised conveyance is becoming increasingly popular particularly in the urban and semiurban areas. I propose to extend the concession to Mopeds of engine capacity up to 100 cc, which are expected to be more fuel-efficient.

I had referred earlier to certain adjustments of excise and customs duties consequent on a review of the fiscal levies on man-made fibres and yarn. The production of blended cloth in the handloom sector is at present around 12 million metres.

In order to enable the handloom sector to register faster growth, I propose to fully exempt from excise duties polyester-blended fabrics woven on handlooms from processing stage duties, if they are processed in factories set up by state handloom development corporations or apex co-operative societies approved in this behalf by the Central government.

This concession involves a revenue loss of Rs. 4 crores. I also propose to exempt metallised man-made fila-

ment yarn from the whole of the excise duty considering its use in saris and the like. The value of this concession is about Rs. 1 crore.

These excise duty concessions I have just referred to entail a total revenue sacrifice of Rs. 13.77 crores in a full year.

Where the changes are to be made by notifications effective from February 28, 1982, copies thereof will be laid on the table of the house in due course.

My proposals will yield a net sum of about Rs. 196.18 crores from excise duties and Rs. 391.35 crores from customs duties. The yield from duties under the medicinal and toilet preparations (excise duties) Act will be Rs. 2.30 crores in a full year. Taking all the proposals together, the net accrual to the Central exchequer in a full year will be Rs. 487.60 crores and that to the states will be Rs. 102.23 crores.

Postal tariffs

I now have something to say on behalf of my hon'ble colleague, the minister of communications. As the house is aware, postal services have been extended over the years throughout the country. There are over 140,000 post offices.

The service is highly employment intensive, with more than 560,000 employees including extra-departmental staff. Salaries and wages, therefore constitute a major part of the operating expenses of the postal department.

The postal services are presently under-priced and the rates are inadequate even to meet the direct cost of several services. The grant of additional instalments of dearness allowance and increases in other operating expenses add significantly to these costs.

A revision of tariffs for some postal services has, therefore, become unavoidable. Accordingly, it is proposed to raise the rate for printed post cards from 20 paise to 25 paise, letter cards from 25 paise to 35 paise and envelopes of the lowest weight slab from 35 paise to 50 paise.

There will be no increase in the rate of the ordinary post card, which is generally used by the common man, even though this service involves an annual loss of about 20 crores.

The tariff for book-post articles is also proposed to be raised from 25 paise to 30 paise. The postage for a registered newspaper has remained at the very low level of 2 paise for many years now.

It is proposed to fix it at 5 paise for a single newspaper, with suitable

adjustments for higher weight slabs. Even after this revision, the newspaper service will be subsidised to the extent of Rs. 7 crores a year.

A memorandum showing the proposed tariffs is being circulated along with the budget documents. The changes would take effect from a date to be notified after the finance bill is passed by Parliament. The revisions proposed are estimated to yield an additional revenue of Rs. 35.33 crores in a full year and about Rs. 26 crores in 1982-83.

I had mentioned that the budgetary deficit at the existing rates of taxation would be Rs. 2,085 crores. The tax measures proposed now, taken together with the reliefs and concessions are estimated to yield net additional revenue of Rs. 470 crores to the Centre and Rs. 63 crores to the states during 1982-83.

Besides, the states will get an additional revenue of over Rs. 2 crores from the increase in the duty on medicinal and toilet preparations. I am taking credit for Rs. 250 crores as receipts from the capital investment bonds which I referred to earlier. This would leave an uncovered deficit of Rs. 1,365 crores in 1982-83, which is substantially lower than the estimated deficit for the current year.

Mr. Speaker, Sir, I have set forth a framework of policies with a view to encouraging higher savings, investment and production in the economy. Plan outlays are being stepped up substantially, particularly for sectors emphasised in the 20-point programme.

Adequate provision has been made for national security. Despite these commitments, the budgetary deficit has been contained within reasonable limits. To achieve this, a measure of resource mobilisation was inescapable.

I have, however, taken care to see that resources are raised within building new inflationary pressures. In particular, I have tried to avoid placing burdens on the low and middle income groups.

The budget constitutes a challenge to all those who are associated with the implementation of our development plan. It is an invitation to farmers, industry and labour for higher productivity; to the trading community for ensuring healthy marketing and distribution, and indeed, to all our people, soldiers and civilians, to march forward shoulder to shoulder in the twin tasks of national development and defence.

Sir, I now commend the budget to the house.

Defense Expenditures Up

Bombay THE TIMES OF INDIA in English 28 Feb 82 p 7

[Text]

NEW DELHI, February 27.

DEFENCE expenditure during 1982-83 is expected to go up by Rs. 500 crores compared to the revised estimates of Rs. 4,600 crores during the current year.

However, the component of defence expenditure in the total budget will not change in terms of percentage. As in the current year's budget, defence will account for 17 paise out of every rupee budgeted for 1982-83.

The finance minister, Mr. Pranab Mukherjee, in his budget speech, described the increase in defence expenditure as "unavoidable." He said he was sure that the house would agree with him that in view of the "uncertain external environment, the requirements of national defence should be fully met."

The members cheered the finance minister when he referred to the defence requirements of the country.

The budget for 1981-82 contained a provision of Rs. 4,200 crores for defence, but it was revised to Rs. 4,600 crores at the end of the year.

The army, as usual, gets the lion's share in budgetary allocations. A provision of about Rs. 2,920 crores has been made for the army in the budget for 1982-83. The air force has been allocated more than Rs. 1,143 crores and the navy will have a provision of more than Rs. 400 crores.

Most of the increases in allocations for the three services are accounted for by arms and equipment. The ordnance factories have been given Rs. 693 crores.

Curiously, the budgetary support for the Hindustan Aeronautics Ltd.

(HAL) has been reduced. It will get Rs. 30 crores against Rs. 40 crores allocated in the current year's budget.

HAL is the biggest public-sector undertaking under the ministry of defence and it has 11 factories located in six states. The Indian Air Force continues to be HAL's principal customer and the reduction in the budgetary support during 1982-83 may be an indication of the increasing imports and shutting down of old production lines.



Bharat Electronics Ltd. (BE) which started pilot production of a new item—magnesium-manganese dioxide batteries during the year—has been allocated Rs. 11 crores—an increase of Rs. 1 crore over the current year.

Mazagon Dock Ltd., the shipyard which has diversified in the field of manufacture of offshore structures for the ONGC, will get a budgetary support of Rs. 50 crores against the provision of Rs. 25 crores made in the last budget. The increase in the provision next year is mainly for the facilities for offshore platforms, acquisition of the second derrick barge and manufacture of diving support vessels.

The Mishra Dhatu Nigam Ltd., which will manufacture strategic alloys with applications in various industrial sectors has been allocated Rs. 96 crores against Rs. 15 crores provided in this year's budget. The plant is expected to go into commercial production this year.

This vital project was originally estimated to cost Rs. 90 crores, but the revised estimate is of Rs. 123.48 crores. The alloys to be produced in this plant will be used for projects in the fields of nuclear energy, space, power generation, aeronautics and chemical engineering.

Rise in Plan Outlay

Bombay THE TIMES OF INDIA in English 28 Feb 82 p 7

[Text]

NEW DELHI, February 27.

AN increase of Rs. 3,659 crores is envisaged in the plan outlays of the Centre, states and the Union territories for 1982-83 over the allocation for the current financial year.

According to the plan budget released today, the total outlay for 1982-83 will be Rs. 21,137 crores, against Rs. 17,479 crores in 1981-82.

The highlights of the plan outlays are sizable increases in outlays for the crude petroleum sector, irrigation, agriculture, coal, power and the integrated rural development programme.

The plan budget, released as a part of budget documents, envisages a sharp increase of 90 per cent in the crude and petroleum sector, including refineries and petrochemicals. The outlay for this sector for 1982-83 is Rs. 2,045 crores.

The government has made a provision of Rs. 2,133 crores for irrigation and command area development against Rs. 1,830 crores in 1981-82. Similarly, for agriculture the outlay has been raised from Rs. 1,047

crores this year to Rs. 1,202 crores.

The integrated rural development programme in the Central sector has been allocated Rs. 190 crores, as compared with Rs. 145 crores in

1981-82. Each block will receive Rs. 8 lakhs compared with Rs. 6 lakhs in the financial year which is ending. More than three million rural families are expected to be assisted in 1982-83.

The provision in the Central plan for the national rural employment programme has been increased to Rs. 190 crores. This will be matched by an equal provision by the states. The programme is expected to generate employment of about 350 million mandays in rural areas, besides creating durable community assets.

The outlay for coal has been raised to Rs. 877 crores, which represents a 52 per cent increase over 1981-82. For the power sector, the outlay in the Central plan is Rs. 929 crores, compared to Rs. 721 crores this year.

The total outlays for the power sector in the state and Central plans taken together is Rs. 3,977 crores, compared to Rs. 3,326 crores.

In the crucial chemicals and fertiliser sector, an amount of Rs. 507 crores has been provided. This includes Rs. 210 crores for the Thal Vaishet project and Rs. 120 crores for the Hajira project.

A provision of Rs. 480 crores for various programmes of the department of heavy industry and industrial development has been made. The various programmes of this ministry include a plan to increase the installed capacity of cement to 38 million tonnes in 1982-83, against 32 million tonnes in 1981-82.

The plan outlay for steel is Rs. 860 crores, including a provision of Rs. 250 crores for the Visakhapatnam steel plant. The first phase of 1.2 million tonnes capacity is expected to be completed by 1985. For the Orissa aluminium project, an outlay of Rs. 140 crores has been provided.

The Central plan outlay for the transport sector has been enhanced by Rs. 220 crores. For the recently created department of ocean development, an allocation of Rs. 17 crores has been included in the plan of the science and technology sector. The total outlay for this sector in the Central plan would be Rs. 184 crores.

G.K. Reddy Comment

Madras THE HINDU in English 28 Feb 82 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, Feb. 27.

The first reaction here to Mr. Pranab Mukherjee's maiden budget is that it has been a colourless and disappointing effort from every point of view, with no great economic philosophy or lofty purpose behind it, other than raising additional revenues while doling out some minor incentives and marginal concessions as a sop to those hit hard by inflation.

The general impression of almost all sections of public opinion in the capital is that the new indirect levies will inevitably lead to a further rise in prices at a time when the people were expecting some relief from the incidence of higher and higher taxation.

From the Government side, however, it is being claimed that the budget is development-oriented with fresh incentives for savings and investment. Apart from stepping up the capital outlay by as much as 27 per cent, the highest in recent years, the Finance Minister has come forward with two savings schemes of far-reaching importance, which should help mobilise additional resources for development.

Limited scope for savings: But the critics maintain that the scope for savings is limited in the sense that the petty concessions Mr. Mukherjee has given with one hand have been taken away with the other through increased levies, with the result that his budget can at best be described as no more than a laboured attempt to maintain the status quo in one form or the other, under the guise of offering reliefs wherever possible.

The concessions he has made in the sphere of capital gains will benefit only a small class of property owners and investors without offering much comfort to the less happily placed sections of people.

As the Finance Minister read his inordinately long budget speech lasting 100 minutes, there was no applause from even the Congress (I) side, since the cheer leaders of the ruling party were as perplexed by the wide range of his taxation proposals as those in the Opposition. The Prime Minister, Mrs. Indira Gandhi, and her colleagues also sat through

the ordeal glumly with no sign of any marked enthusiasm for Mr. Mukherjee's proposals, which came as an anti-climax to the high hopes aroused by earlier forecasts of major concessions.

Opportunity missed: The Finance Minister has certainly missed a golden opportunity to make a better impact with a more imaginative budget. Perhaps he was too hard-pressed for time to be able to deviate from the beaten track to any appreciable extent. But he has apparently chosen to ignore many of the suggestions made by the L. K. Jha Commission which were designed to liberalise the economy and offer substantial concessions to encourage production, increase the purchasing power of the people, provide incentives for savings and streamline the tax structure without sacrificing revenues.

The decision to exempt plantations from Wealth Tax, offer incentives to non-residents and permit dual pricing of cement was denounced by some of the Opposition parties as concessions to powerful lobbies rather than rational measures aimed at encouraging savings, investment or production.

Derisive laughter: The way he announced the excise duty exemptions on general utility articles like pencils and pens, enamel and glassware, spectacles and crash helmets, alarm clocks and water coolers met with derisive laughter from both the Congress and Opposition benches, and was later described by some of them as a token gesture that was more in the nature of a cruel joke on a hard-pressed public which was hoping for more substantial concessions.

More brickbats: The best that one could say is that the general reaction has been mixed with more people criticising the budget proposals than welcoming them. If no Finance Minister in India is fated to receive only bouquets, the brickbats that Mr. Mukherjee received today were certainly more than he had expected for having imposed additional levies to the tune of several hundred crores of rupees in the shape of increased railway passenger and freight rates, high postal, telegraph and telephone charges, wide ranging hikes in customs and excise duties affecting the common people. And to this extent it has been an unimaginative budget, according to his critics cutting across party alignments.

CSO: 4220/7954

U.S. AMBASSADOR SPEAKS AT PRESS CLUB LUNCHEON

New Delhi PATRIOT in English 27 Feb 82 pp 1, 7

[Text] US cannot guarantee that the sophisticated arms it is supplying to Pakistan will not be used against India, US Ambassador Harry Barnes said in the capital on Friday, says PTI.

"We will not have any supervisory control," Mr Barnes admitted and pointed out that guarantees regarding the use of US arms in other parts of the world "had never worked."

The US envoy, who was addressing a luncheon meeting of the Press Club of India, defended the arms supplies to Pakistan.

Mr Barnes said there was "misunderstanding" in India over the US decision to supply arms to Pakistan. "The mistrust of US intention was borne out of India's experiences with previous US supplies to Pakistan," he added.

However, he sought to assure: that "the circumstances are different this time," because of the "threat" posed by Soviet presence on Afghanistan "to Pakistan's stability." He added that both India and the US wanted a stable Pakistan.

Asked by a correspondent whether he could cite one instance where the US had played the role of a "friend in need" as the USSR, Mr Barnes merely said "1962" (when China attacked India).

In his view, India and the US should expand areas of cooperation where they had shared interest, instead of focussing on issues that "divide us most."

In his view assisting Pakistan to become stable was "a precondition to increasing chances of finding a solution to the Afghan situation and lessening threats to Pakistan."

He stated that the US had "a great stake in the Middle East and the Persian Gulf. A cut-off of oil supplies would have "terrible consequences for us."

In an opening statement, Mr Barnes spoke of common ideals and interests binding India and the US and said he would not therefore accept the assertion that his country was anti-India.

A correspondent asked why Washington had not supplied limited quantities of arms to India.

Mr Barnes said the US had made an offer to India for supply of some defence equipment "in good faith." An Indian defence delegation had visited Washington and had been asked certain questions. Now the US was awaiting the Indian response, he added.

He informed that US was not thinking in terms of cutting off nuclear fuel supplies to the Tarapur atomic power plant.

He averred that the fact that the agreement between India and the US had not been terminated was a sign that the two countries were trying to find a satisfactory solution to this complex problem.

Mr Barnes wanted the people in India to understand the complicated situation in which his country was finding itself as a result of Congressional requirements of additional safeguards.

Mr Barnes said the US wanted good relations with India and Pakistan, just as India wanted good relations with the US and the Soviet Union, adds UNI.

About the grant of visa to Dr Jagjit Singh Chauhan, the Khalistan protagonist, Mr Barnes said the US Government had made sure that he would not indulge in any violent activity and challenge the authority of India.

CSO: 4220/7952

INDO-SOVIET ECONOMIC PANEL TO MEET IN JUNE

New Delhi PATRIOT in English 27 Feb 82 p 3

[Text] Moscow, Feb 26 (UNI)--Indo-Soviet Joint Commission on Economic and Technical Cooperation will meet in the Soviet capital in June next. Foreign Minister Narasimha Rao will lead the Indian side while the Soviet side will be led by First Deputy Prime Minister I. Arkhipov.

The Commission will review the progress made since its last meeting in New Delhi.

Before the Moscow meeting top experts of two countries will meet in the first week of March. Leading officials' panel 'monitoring group' was set up some time ago to review the work done in implementing agreement assigned by President Brezhnev and Mrs Indira Gandhi during the former's visit to India and other long-term agreements.

Mr I.K. Minayev, member State Committee for Economic Relations with Foreign Countries said in an interview that cooperation between the two countries was at present mainly in the direction of setting up powerful fuel and power bases in India. The Soviet Union is to assist India in removing the so-called bottlenecks, Mr Minayev noted.

India had vast resources of coal but their development fell below that required level, necessitating the setting up new capacities. Two open cast mines, one in Ukunda in the Jharia region, and the other in Nigahi, in the Singrauli, will play an important part in this venture. Deep coal mining in Jhanjara was also an important project, Mr Minayev said.

The two sides are presently engaged in preparing technical documents for the coal projects and orders are being placed with the Soviet Union for the supply of equipments.

Mr Minayev also mentioned the progress made in the work for Nigahi which will guarantee adequate functioning of three million KV capacity Vaidan project. Soviet experts would commence work on repairing idle wells in Gujarat next June.

He hoped that the expansion programme at the Bhilai and Bokaro steel plants would by and large be completed by the end of current year. A special feature of the expansion at Bhilai is a new rolling mill which will commence production this year. He described it as a unique plant.

FINANCE MINISTER REPORTS ON TALKS WITH IMF TEAM

Madras THE HINDU in English 27 Feb 82 p 1

[Text]

NEW DELHI, Feb. 26.

Mr. Pranab Mukherjee, Union Finance Minister, today told the Lok Sabha that while recently a team from the International Monetary Fund (IMF) had discussions with the Finance Ministry, the Government "will not accept any position which is against the policies approved by Parliament, loan or no loan".

There was also no question, he said, of having any discussions on the budget proposals with the IMF or with outsiders. The IMF team was in Delhi for a "routine review" relating to India's loan from the extended financing facility of the IMF and the discussions were part of a relationship between a lender and the borrower.

Replying to questions on the instalments drawn by India from the IMF loan he said India had made purchases under the extended fund arrangement amounting to 300 million SDRs (Special Drawing Rights) on November 30, 1981 and another 300 million SDRs on January 15, this year.

India could purchase another 300 million SDRs upto June 1982 taking the total to 900 million SDRs. Up to June 1983, India was entitled to purchase an additional 1,800

million SDRs making a total of 2,700 million SDRs and the remaining amount out of the total loan of 5,000 billion SDRs would be purchased later.

No pre-condition: Mr. Mukherjee told Mr. Madhu Dandavate that there was no pre-condition imposed by the IMF team before the purchase of 300 million SDRs on January 15.

As for the conditionality of the IMF loan "we have indicated the policies we are pursuing and these policies have been approved by Parliament. When the review takes place, the IMF naturally wants to know whether we can give them information on how these policies are being implemented. There is nothing uncommon in that. They may make any suggestion but it does not necessarily mean I should respond to it".

When his attention was drawn by Mr. Setyasadhan Chakravarty to the Prime Minister, Mrs. Indira Gandhi's recent remark that the IMF was demanding "structural changes" and that it was trying to control the economic policies of the developing countries, the Minister said the Prime Minister's remarks had nothing to do with the extended financing facilities of the IMF.

CSO: 4220/7951

NEW CABINET INSTALLED IN ANDHRA PRADESH

Madras THE HINDU in English 28 Feb 82 p 12

[Text]

HYDERABAD, Feb. 27.

Thirty-two Ministers are to be sworn in at 9-49 a.m. at the Raj Bhavan on Sunday, taking the strength of the Andhra Pradesh Cabinet headed by Mr. Bhavanam Venkatram to 34.

The Chief Minister has already indicated that some more Ministers are to be inducted in the second phase of expansion.

Twenty-nine Ministers in Mr. T. Arjun's Cabinet find a place in the Cabinet. The new faces are Mr. Kona Prabhakara Rao who was a contender for leadership and who becomes Minister for the first time, Mr. Ramakrishna Raju, Chairman of the State Agro-Industries Corporation, Mr. Ch. Shyamala Rao (from Cheepurupalli in Srikakulam district) and Mr. Palem Govardhan Reddi, representing Murugode in Nalgonda district, and Mr. Seshasayana Reddi of Kurnool.

Mr. Chella Rambhupal Reddi, son-in-law of the President, Mr. Neelam Sanjiva Reddi, who served for about two months in Mr. Arjun's Cabinet, has also been included as a Cabinet Minister.

18 from Andhra region: There are 18 from Andhra and 16 from Telangana in the Cabinet. Ten belong to backward classes, nine are Reddis, five Kammas, three Harijans

and two Brahmins. There is one representative each from Velama, Raju, Christian, Muslim and Scheduled Tribes in the Cabinet. There were five Harijan Ministers in the previous Cabinet.

This is the third Ministry to assume office after the 1978 general elections. Mr. Venkatram and Mr. C. Jagannadha Rao were sworn in last Wednesday.

UPI reports:

As many as 15 Ministers in the outgoing Cabinet do not find a place in the Venkatram team.

Following is the list of Ministers:

Cabinet: Messrs N. Janardhan Reddi, Kona Prabhakara Rao, P. Venkata Rao, K. Ranga Rao, Ch. Venkat Rao, M. A. Aziz, M. Tulsi Das, N. Amarnath Reddi, A. Veerappa, P. V. Choudhary, G. Venkateswamy, K. Kesava Rao, B. Ramdev, T. Hayagrivaswari, M. Manik Rao, M. Madan Mohan, M. Baga Reddi, V. Venkateswara Rao, C. Rambhupal Reddi, Goka Ramaswamy and Dr. Y. S. Rajasekhara Reddi and Mrs. B. Serojini Pulla Reddi.

Ministers of State: Messrs Ramakrishna Raju, S. Alwar Das, Ch. Shyamala Rao, N. Chandra Babu Naidu, D. Ravindra Naidu, T. Bela Goud, P. Govardhan Reddi, G. Nagaswara Rao, Seshasayana Reddi and P. Janardhana Reddi.

CSO: 4220/7955

GANDHI TO ADDRESS VIENNA SPACE CONFERENCE

Madras THE HINDU in English 11 Mar 82 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, March 10.

The Prime Minister, Mrs. Indira Gandhi, has agreed to address the second United Nations conference on outer space in Vienna in August as a logical follow-up of the interest India has been taking in problems of energy, environment and equitable utilisation of the seabed resources.

As part of her campaign for a new International Economic Order, Mrs. Gandhi wants to mobilise world opinion in favour of a fairer distribution of the economic and scientific benefits of the mastery of outer space.

In its efforts to evolve a law of the sea and also an outer space convention, the U.N. has been trying to regulate the activities of both developed and developing countries in the uses of the vast mineral wealth at the bottom of the oceans and the technological knowledge gained through the conquest of space.

The intention is both to encourage and regulate international competition in the awesome venture of discovering, harnessing and utilising the infinite resources of the universe for the benefit of mankind.

Bid to share blessings of space research: As a signatory to the convention, banning the use of outer space for nuclear tests, India wants to play an active role not only in preventing its misuse for any military purposes, but also in sharing the blessings of space research and application of the highly advanced technologies to promote human welfare.

It is to focus international attention on the need for a parallel space law, as a corollary to the law of the sea, that Mrs. Gandhi has agreed to go to Vienna to address the conference.

But, paradoxically enough, the U.N.-sponsored bid to bring about a law of the sea treaty has run into serious difficulties after nearly 40 years of painstaking effort. The Reagan administration has been refusing to accept the draft treaty in its present form, which had been approved in principle by the Carter administration. It has been insisting

on drastic changes in the very concept of an internationally controlled exploitation of seabed resources.

The threat of the 120-odd developing countries to go ahead and sign the treaty without U.S. participation, if it did not abandon its obstructive attitude, has been met with a counter-threat by the Reagan administration to enter into a parallel convention with other developed countries setting their own norms for the use of seabed resources.

Though efforts are being made at the current session of the law of the sea conference in New York to break this deadlock, it remains to be seen whether the U.S. will allow itself to be persuaded to adopt a reasonable approach to this problem.

The distinguished Indian scientist, Dr. Yashpal, has been chosen Secretary-General of the Space Conference. It is seen as an indirect recognition of the modest, but impressive strides that India has made in recent years, with its limited scientific resources, in the realm of space research for peaceful uses.

The Vienna conference will be an appropriate international forum for Mrs. Gandhi to rebut effectively the western criticism that there is no need for a developing country like India to upset its own priorities for development by frittering away its meagre resources on ambitious programmes like nuclear development, space research and even Antarctic expeditions.

Role of developing nations: The disapproval of India's pioneering role as a developing country has become sharper in the wake of its efforts to mobilise the poorer countries against their continued exploitation by the industrialised nations.

She will utilise the occasion to stress that developing countries, like the developed ones, must learn to apply even their limited knowledge to reach the bottom of oceans or the infinity of skies to improve the lot of their peoples. It was an imperative necessity and not a misplaced fantasy to engage in such a peaceful competition.

ENVOYS BRIEFED ON SOUTH-SOUTH CONSULTATIONS

Madras THE HINDU in English 27 Feb 82 p 9

[Article by G.K. Reddy]

[Text]

NEW DELHI, Feb. 26

The External Affairs Ministry today briefed different groups of ambassadors — representing the industrialised countries of the north, the socialist States of the Soviet bloc and the developing countries that were not invited to the New Delhi consultations — on the outcome of the South-South dialogue on international economic cooperation.

The Additional Secretary, Mr. S. K. Singh, and the Joint Secretary in charge of Economic Affairs, Mr. K. K. Bhargava, who did the earlier briefing on the purpose and scope of the New Delhi consultations, gave a detailed exposition of the common approaches of the developing countries that emerged from these talks on both North-South issues and South-South cooperation.

PM to write again: The Prime Minister, Mrs. Indira Gandhi, who had addressed a communication to the heads of Government of all the countries invited to the New Delhi consultations, will be writing again to all of them summing up the positive features of these discussions.

The leader of the Indian delegation, Mr. G. Parthasarathi, who presided over the conference, will be forwarding the relevant documents, including the main conclusions, to the chairman of the Group of 77 in New York for follow-up action.

The nine points: The assembled envoys at the three group briefings were told that the nine points put forward by the Prime Minister in her inaugural address, which were widely welcomed by the heads of delegations of the participating countries, provided the necessary lead for the three-day discussions. These points related to global negotiations, food security, financial flows, multilateral cooperation, energy development, relief to poorer countries in offsetting the burden of high oil prices, reversion of protectionist trends and collective self-reliance among developing countries to reduce their dependence on the affluent nations.

The summation by the two officials of the outcome of the South-South meet more or less adhered to the gist of the deliberations given by the External Affairs Minister, Mr.

P. V. Narasimha Rao, to Parliament yesterday.

The envoys, who had carefully analysed and examined the final document embodying the broad conclusions, came prepared to ask some searching questions under the guise of seeking elucidations to ascertain how the developing countries proposed to proceed with the next stage of the efforts to bring about global negotiations.

Consensus: They were told that the consensus that emerged from these discussions was clearly in favour of working together for global negotiations and achieving progress in critical areas like food, energy, financial flows, trade and cooperation. It was also agreed that simultaneously steps should be taken for increased South-South cooperation as an essential pre-requisite for evolving a more equitable international economic dispensation.

However, the attempt to focus the main attention on the positive outcome of these discussions could not prevent the envoys from taking a closer look at some of the negative features that came in the way of a clearer consensus on most of these issues, especially the question of global negotiations. The representatives of various embassies in Delhi, who had kept themselves in close touch with the delegations of the participating countries, were well aware of what went on in the two committees dealing with North-South issues and South-South cooperation.

Useful exercise: It was, however, conceded by many of them, after today's briefing sessions, that the New Delhi consultations were a useful exercise which helped to clarify the various viewpoints in the course of synthesising differing approaches with common positions. The persisting differences relate primarily to negotiating tactics and not to the objectives of the proposed global negotiations.

The chairman, Mr. G. Parthasarathi, stuck to the unexceptionable fundamentals of Southern attitudes, while steering clear of the contentious postures adopted by some of the participants, in summing up the outcome of the discussions on various issues. The two officials who briefed the envoys faithfully followed the positive achievements of these South-South consultations.

WASHINGTON CORRESPONDENT INTERVIEWS SIKH 'SPOKESMAN'

Madras THE HINDU in English 26 Feb 82 p 5

[Article by N. Ram]

[Text]

WASHINGTON, Feb. 25.

The version that Mr. Jagjit Singh Chauhan, the self-proclaimed "Khalistan" leader, has been admitted into the United States without a valid passport for "humanitarian" (specifically health) reasons despite Indian protests appears to be a fiction that even the man's fellow-travellers do not insist upon now.

"He's healthy like a horse", Mr. Ganga Singh Dhilon, the other active figure claiming to speak for the "Sikh nation" and trying to whip up secessionist sentiments from sanctuaries in North America, told THE HINDU in response to a question.

When the assurance from the U.S. Secretary of State to the Indian External Affairs — that Mr. Chauhan would not be permitted to engage in advocacy of "violent means to challenge the authority of the Government of India" and to propagate the Khalistan demand — was mentioned by this correspondent, Mr. Dhilon laughed. He described the Government of India as "very immature, very unstatesmanlike, very childish", and added: "I can tell you one thing for your information. He (Mr. Chauhan) has given no commitment to any Government".

After his earlier boasts concerning his influence in Washington, Mr. Chauhan (who has hovered about the Washington area rather than confine himself to Texas where he is supposed to be getting medical attention) has maintained a fairly low profile in public. Mr. Dhilon, an American citizen, explained to this correspondent that he advised the "Khalistan" advocate that it was not a good idea to rush out with statements to the media.

The Washington-based Mr. Dhilon — who met this correspondent in the "conference room" of his plush office in a Washington suburb located in Virginia — insisted that he was his own man and quite separate from Mr. Chauhan, who he said was "a good Sikh and a good friend".

Self-determination: Mr. Dhilon presented his own stance on the "Khalistan" slogan as follows: "I neither propagate it, nor oppose it. But if it becomes a reality tomorrow, I will be a very happy man". He explained his view that "the Sikhs are a separate nation and will continue to exist as a nation", and insisted that nothing less than "self-determination" (becoming "masters of their own destiny") was acceptable. He explained the political, and slogan-deep, difference between Mr. Chauhan and himself thus: "Mr. Chauhan has crossed the threshold, I have not".

The Washington-based propagandist of non-Indian nationality denied — not in response to any question, and off his own bat — that he was a "C.I.A. agent". He described himself as an "independent man, a business consultant with investments" who had "more money than I can use".

Mr. Dhilon and his associates are known to have some active contacts in the U.S. Congress and in official and political Washington. He told this correspondent (in response to a question) that he brushed shoulders last week with three Senators in a reception on the Hill (although he denied that Mr. Chauhan attended any such reception). The ideological-political character of the North America-based group that is formally and informally associated with the secessionist "Khalistan" slogan came out clearly, and even graphically, to the correspondent in the lengthy meeting. At one point, Mr. Dhilon accused the Government of India in unexpected terms that involved an elaborate comparison with Afghanistan: "The Government of India in my judgment is not really and truly acting to safeguard the interests of Indians. It is really dancing at the instance of a foreign power, namely the Soviet Union. It was just like when Daud came to power".

Fate of Daud: In Mr. Dhillon's fevered imagination and rhetoric, "The Soviet Union used him to wipe out the religious leaders of Afghanistan. The fate of Daud must be remembered. The lady is playing the same role as Daud played in Afghanistan and sooner or later she will be wiped out".

Mr. Dhillon appeared to be pleased with himself for this analytical flourish, but having said it, he wanted THE HINDU to treat this particular statement as "off the record". It is being reported verbatim to give an idea of his, and Mr. Chauhan's, brand of thinking or rhetoric. Mr. Chauhan's undeclared associate went on: "Why are we targets? Because Sikhs will fight communism tooth and nail". He said he did "not doubt the integrity and intentions of the Akalis", but regretted that they "sometimes cannot read through the lines". He accused the Prime Minister, Mrs. Indira Gandhi, of planting divisions cleverly in the Akali camp and "she has succeeded".

"Delicate phase": "The Sikhs and the Government of India are going through a very delicate phase", opined Mr. Dhillon, but "if the Government will use the same tactics, the same approach, which they have used for the last 33 years, it will not work now. Any leader who will sell himself will seal his fate. The next explosion will be like a Jwalamukhi, that will leave everlasting scars on the face of that great nation of India".

He explained this further: "The Sikhs will not accept anything short of what they desire. They want to be masters of their own destiny...if I am propagating Khalistan, who can stop me? If the Government of India will not recognise realities and break away from the clutches of the Soviet Union and start a real and meaningful dialogue with the Sikh leadership, it will be making the same mistake Mrs. Gandhi's father made with Jinnah".

Aside from hints meant to suggest an apocalyptic vision and the extraordinary charges against Delhi and Moscow, Mr. Dhillon

recorded in his meeting with this correspondent various grievances which (in his presentation) he, his family, Sikh functionaries in North America, and the Sikhs as "a nation" have suffered in India. One of his pet lines is: "Every Sikh is a suspect until he's proven guilty by the Government of India".

Mr. Dhillon showed this correspondent a copy of a letter (dated October 13, 1979) from the Pakistani military dictator, Gen. Zia, following a visit to Pakistan by a North America-based group. Referring to the issue of Sikh religious shrines in Pakistan, Gen. Zia refers to "optimum facilities which can be offered in the circumstances" and states that a "statutory mandate would be required for anything beyond this, which could only be routed through and initiated by the Government of India".

Mr. Dhillon's point in going to this exercise was clearly to suggest that as head of the "Sri Nankana Sahib Foundation, Inc.", based in Washington, he did a good deal — using his personal "friendship" with Gen. Zia — for the cause of safeguarding Sikh shrines in Pakistan, whereas the Government of India was dragging its feet. Among his assertions in the meeting was one to the effect that New Delhi's attempt to have Mr. Chauhan deprived of the opportunity to visit the U.S. was an attempt (a) "to violate the sovereignty of this great nation, the foremost freedom-loving part of the world", and (b) "to interfere in its internal affairs".

Mr. Dhillon maintained, "I live, breathe and am prepared to give my life for the cause". His modesty extended to handing over, unasked, a posed photograph, and a semi-serious suggestion that he would be pleased if this correspondent consented to undertake a lengthy biography of Mr. Ganga Singh Dhillon. At one point in the meeting, while he was relating vividly the conduct of the ninth Guru, Tegh Behadur, before his execution by the Moghul emperor, Aurangzeb, he broke down and sobbed.

NUMBER OF NEWSPAPERS IN INDIA SEEN INCREASING

Bombay THE TIMES OF INDIA in English 11 Mar 82 p 3

[Text]

NEW DELHI, March 10;

THE number of newspapers in India increased to 17,168 in 1979 compared to 15,814 in 1978, registering an increase of 8.6 per cent. Similarly, the circulation of newspapers increase to 45,449,000 copies in 1979 from 40,350,000 copies in 1978, showing a growth of 13.7 per cent.

This has been stated in the 24th annual report of the registrar of newspapers for India for 1980 presented to the Lok Sabha yesterday by the deputy minister for information and broadcasting, Mr. Arif Mohammad Khan. The report was presented to the Rajya Sabha on Monday.

According to the report, a significant feature of the press in the country in 1979 was that the increase in the number of newspapers was shared by almost all languages, by all states and by newspapers of all periodicals. During 1979, 1,461 newspapers started publication.

Apart from this, 352 newspapers, which had begun publication earlier but came to be known only during 1979, were also taken on record, bringing the tally of the total number of newspapers added in 1979 to 1,813.

Similarly, 457 newspapers, which had stopped publication in 1979, or earlier but came to notice only during the year were removed from records.

Out of 17,168 newspapers in the country, 1,087 were dailies, 85 tribi-weeklies, 5,023 weeklies and 10,972 other periodicals.

As for circulation, out of 46,449,000 copies published, 13,033,000 copies belonged to dailies, 1,96,000 to tribi-weeklies, 12,924,000 copies to weeklies and 13,428,000 copies to monthlies.

Newspapers were published in 83 languages during 1979. Apart from English and 15 languages enumerated in the eighth schedule of the Indian constitution, newspapers were published in 67 other Indian languages, dialects and foreign languages. During 1979, five languages made their appearance for the first time as far as the Indian press was concerned. They were Bhatia, Gaundi, Halabi, Haryanavi and Kokborok.

Hindi newspapers constituted the largest group and their number increased to 4,610 from 4,196 in 1978. English, with 3,288 newspapers, stood second. The press in Bengali and Urdu also had a strength of more than 1,000 newspapers.

Similarly in circulation, Hindi newspapers maintained their lead with 11,408,000 copies followed by the English ones with 10,224,000 copies. The largest number of dailies was also published in Hindi—333, followed by Urdu and Marathi with 114 and 110, respectively.

In circulation, Hindi dailies outclassed the English ones in 1979, their circulation being 2,997,000 copies and 2,969,000 copies, respectively.

The year 1979 saw the emergence of Uttar Pradesh as the largest publisher of newspapers with a tally of 2,357 newspapers. Maharashtra came next with 2,315 newspapers. Delhi came third and West Bengal fourth with 2,033 and 1,876 newspapers, respectively. The fifth place went to Tamil Nadu which had 1,166 newspapers.

In respect of dailies, Uttar Pradesh continued to be at the top with 157 newspapers, closely followed by

Maharashtra with 152. Ninety-six dailies came out from Kerala and 93 from Karnataka. The remaining states and Union Territories had less than 10 dailies.

OLDEST PAPER

However, in circulation, dailies published from Maharashtra continued to dominate with 2,343,000 copies. It was followed by dailies from West Bengal with a circulation of 1,437,000 copies. Dailies published from Delhi, Kerala and Tamil Nadu also had more than one million circulation.

The four metropolitan cities—Bombay, Calcutta, Delhi and Madras had 30.3 per cent of the number of newspapers in the country. State capitals and the headquarters of the Union territories together accounted for 16.6 per cent. Other cities with a population of 100,000 and above, as per the 1971 census, had 29.7 per cent and the remaining 23.4 per cent belonged to towns with less than 100,000 population. In circulation, the share of the newspapers published from the four metropolitan cities was more significant.

Twenty-four newspapers were being published for more than 100 years. Of them, nine were dailies. Established in 1822, "Bombay Samachar", a

Gujarati daily from Bombay, was the oldest existing newspaper in the country.

According to the data made available by 8,052 newspapers to the press registrar, there were 174 big, 329 medium and 7,549 small newspapers. Among the big newspapers, 56 were dailies.

Regarding the categorywise share in circulation, big newspapers accounted for 43.9, medium 19.2 and the small 36.9 per cent. The report also notes that a significant section of small newspapers is unaware of their obligation under the Press and Registration of Books Act to submit the annual statement and their circulation could not be ascertained.

"Ananda Bazar Patrika", a Bengali daily from Calcutta, retained the top position as the largest-circulated single edition daily in 1979 with a circulation of 403,047 copies. "Nav Bharat Times", New Delhi, came second with 328,397 copies. Among multi-edition dailies, the "Indian Express" with ten editions continued at the top with a combined circulation of 647,708 copies.

"Kumudam", a Tamil weekly from Madras, was the largest circulated periodical with 516,989 copies. Another weekly, "Malayala Manorama", in Malayalam from Kottayam, came second with 405,966 copies.

EARNING OF PUBLIC SECTOR ENTERPRISES INCREASE

Bombay THE TIMES OF INDIA in English 26 Feb 82 p 6

[Text]

NEW DELHI, February 25
(UND)

PUBLIC sector enterprises, which were incurring big losses in the financial year 1980-81, have made a net profit of Rs. 134 crores between April and December 1981.

This was revealed in the economic survey for 1981-82 and the report of the Bureau of Public Enterprises, presented to Parliament today.

According to the survey, available data on the financial performance of public sector enterprises during the first nine months of the current year showed substantial improvement. As against a net loss of Rs. 475 crores during April-December, 1980, these undertakings made a net profit of Rs. 134 crores during the same period in the current financial year.

The Bureau of Public Enterprises reported deterioration in the overall financial performance of these units, despite the turn around in industrial activities since the middle of 1980-81. Net losses of running public enterprises amounted to Rs. 182 crores in 1980-81, as compared to Rs. 40 crores in 1978-79 and Rs. 74 crores in 1979-80.

Of the 168 running enterprises, whose financial performance had been analysed by the bureau, 95 units made a profit of Rs. 572 crores and 73 incurred a loss of Rs. 754 crores in 1980-81. Internal resources generated aggregated Rs. 1,214 crores in 1980-81 compared to Rs. 1,030 crores in 1979-80.

ERRATIC POWER SUPPLY

In 1980-81, the performance of major enterprises for steel, coal, fertilisers and chemicals and heavy engineering showed certain constraints. Interruptions in power supply considerably handicapped the production of steel, non-ferrous metals and certain heavy engineering units. Problems related to industrial relations in certain Bangalore-based undertakings also adversely affected their performance.

The disturbed conditions in Assam as well as reduced crude supplies led to difficulties in the availability of feedstock to fertiliser units. The revision in steel and coal prices in January, 1981, and fertiliser and petroleum prices later in the year was expected to generate more resources for the development of these industries.

The top ten loss-incurring enterprises include the Fertiliser Corporation of India, Eastern Coalfields Ltd, Heavy Engineering Corporation, Delhi Transport Corporation and Air India. The losses of these units, barring the Eastern Coalfields, were higher than the previous year. There was marginal improvement in the working of the Eastern Coalfields over the previous year.

Among the top ten profit-making concerns were the Indian Oil Corporation, Central Coalfields, Minerals and Metals Trading Corporation, State Trading Corporation, Oil and Natural Gas Commission and the Indian Petrochemicals Ltd.

A comparative analysis of companies, reporting pre-tax profits during the last two years, indicated that the number of such enterprises had come down from 193 in the previous year to 94 in 1980-81. On the other hand, the number of losing units increased from 66 in 1979-80 to 74 in 1980-81. Simultaneously, there was a sizable increase in their aggregate loss which worked out at Rs. 752.99 crores during 1980-81 against Rs. 539.64 crores in the previous year — an increase of Rs. 16.95 crores.

In monetary terms, the value of goods produced by enterprises engaged in production and manufacturing activities had gone up from Rs. 13,634 crores in 1979-80 to Rs. 17,153 crores (25.8 per cent) in 1980-81.

Similarly, the enterprises carrying on marketing and service-oriented activities had increased the value of their sales and services from Rs. 8,009 crores to Rs. 9,418 crores (16.4 per cent) in the corresponding period.

However, the increase in the value of production of goods and services was not so much due to additions in quantitative outputs but mainly due to inflationary conditions affecting the economy. The cost-push inflation necessitated upward price revision of many commodities and services and specifically of steel, coal, crude oil, petroleum products, fertilisers, engineering goods, ferrous and non-ferrous metals, hotel and passenger tariffs, air and shipping freight etc.

VIJAYAWADA CONGRESS SHOWS CPI-M FLEXIBILITY

Bombay THE TIMES OF INDIA in English 26, 27 Feb 82

[Article by Praful Bidwai]

[26 Feb 82 p 8]

[Text]

TWO issues have figured prominently in the comment on the recently concluded Vijayawada congress of the CPM. These are the party's clear shift to a pro-Soviet stand internationally, and the successful papering over of differences among the congress delegates over the party's conduct during the July 1979 break up of the Janata government.

But neither of these issues is new. The turn towards the Soviet Union began more than a year ago. And the differences relating to the past are scarcely of much importance to the CPM's future.

What is really significant about the deliberations at Vijayawada is the mandate the party leadership received to continue the transformation of the CPM from a militant organisation cast in the Stalinist mould to a 'party of order' and compromise. The necessity or validity of such a transformation was not made explicit at Vijayawada. But that does not change the fact.

The CPM has not been influenced by 'Eurocommunism'. Its evolution has essentially been the product of Indian conditions — the facts that India is a functioning democracy and that the state is strong enough to resist any attempt at a violent revolution. And yet, the CPM has been gravitating towards some of those perspectives that define Eurocommunism as a specific current in the international workers' movement.

Thus the CPM's politics, like that of the Eurocommunists, is marked by an abandonment of the canon of the primacy of the working class and, more generally, of a class perspective. Like the Eurocommunist parties, the CPM also poses the question of power within the framework of bourgeois parliamentary democracy and, what is more, through alliances with parties of

the centre and right ('historic compromise'). Like them, it seeks to fight for limited reforms from 'above', through the instrument of the 'bourgeois' state. And crucial to its political practice is the subordination of the unions and mass organisations led by it to its platform of reform, to the manifesto of providing an alternative on the same plane to the existing form of rule.

Flexible Policy

The actual direction the CPM's activity has taken in West Bengal, Tripura and Kerala conforms fully with this orientation. Whenever the possibility arose, the party was not averse to sharing power with 'bourgeois' anti-authoritarian parties/forces, nor to giving up its earlier insistence on a thoroughgoing programme of reforms. It has been flexible enough to adopt a programme that is even less radical than Mr. Mitterrand's in France.

For instance, in West Bengal, where it holds a hegemonic position in the Left Front, it not only dropped its old demand for the takeover of foreign and monopoly capital but actually made vigorous efforts to attract it.

Over the last five years the CPM-led Front has provided a cleaner administration than any other party or combination of parties could have, extended certain freedoms and rights to social layers (e.g. state employees) who had not possessed them earlier, and also initiated some reforms of an ameliorative nature — the most important and successful of which is 'Operation Barga', involving the registration of tenant-peasants, which, although more effective in some areas, is more modest in its aims than the land reforms of the fifties.

In Tripura, the CPM's programme has been even less ambitious, as it probably must be in an extremely

backward state marked by a major tribal-Bengali cultural divide, and by the virtual absence of a proletariat. It has certainly held together this vulnerable state and stemmed the tide of secessionism. At the same time it has put into motion no forces that could modernise Tripura's economy or strengthen the real basis for reforms in the state.

In Kerala, where the CPM was undoubtedly compromised by its dependence on "bourgeois" parties, the programme of reform, even in relation to the communist regime in the fifties, was rather modest — the most substantial gain from it being old age pensions for the landless poor and the 'Onam bazaar', which set up on a temporary basis an alternative system of distribution of essential goods.

Thus even in those states where the party commands a substantial chunk of the vote and has a 'mass character', the CPM's performance as the party in power has not been marked by a spate of radical reforms that disturb the existing establishment, and make way for new social relations,

power equations and, ultimately, a new order.

Ambitious Task

In many respects, this performance is less distinguished than that of the communist parties of Italy and France which have been in power in various provinces and departments in the two countries for the past decade. And where the party is small in its base and influence, it has pursued tactics of allying itself with right-wing forces in a way that neither distinguishes it from, nor prevents its subordination to, the latter.

It might be held that, realistically speaking, the CPM could not have set itself a more ambitious set of tasks or, in the states where it is in power, it could not have fought for more thoroughgoing reforms. But this merely reinforces the argument that the CPM has been shifting towards a Eurocommunist political practice and that its image among the masses it hopes to win over is increasingly that of a party that stands not so much

for a revolutionary challenge to the existing order but for reforms within the prevalent structure.

This is especially the case with the party's 'mass organisations.' With the exception of the recently formed agricultural labourers' union, these — in particular the CITU — have witnessed an erosion of their appeal as militant class organisations geared for a head-on confrontation with the employers or the state. They have often been reined in so that their activities do not pose a threat to the order the CPM defends or upset the social equilibrium that the party needs in order to survive.

The evolution of the CPM's politics towards Eurocommunism is, however, neither complete nor without several significant divergences. Eurocommunism is marked by an explicit rejection of some of the Leninist tenets regarding the state and the party, and by a break with the Soviet Union and a willingness to tolerate or enter into alliances with the Western bloc. The CPM has made no such changes in its ideological approach.

[27 Feb 82 p 8]

[Text]

THE peculiarity of the CPM is that however incomplete its transition to a Eurocommunist political practice, it cannot be reconciled with the classical Stalinist popular front framework within which it thinks and acts.

The CPM is, with the exception of the Albanian party of labour, probably the only significant communist party in the world, which swears by Stalin and has never disowned any part of his legacy. It officially brackets Stalin with Marx, Engels and Lenin as great leaders of, and sources of continuing inspiration for, the international communist movement.

The CPM is proud of its Stalinist inheritance. It has sought to pry its credentials as the genuine communist party of India by emphasising its continuity with the Stalinist traditions of the undivided CPI. Thus the Vijayawada congress — actually the CPM's fifth since its formation in 1964 — was called the eleventh congress in its official documents.

There is also a physical continuity between the CPM and the undivided CPI of the Comintern and Cominform periods. A little over 33 per cent of the delegates who attended the Vijayawada congress had joined the CPI before independence. This number represents the entire leadership of the CPM, now typically in its sixties and seventies. For it Stalinism was synonymous with Marxism.

Stalin's moustachioed face has continued to decorate every important CPM platform, dia, poster and badge for the past 18 years.

More importantly, the strategic concept of a two-stage revolution — the first stage embodying a struggle for a 'democratic', bourgeois, restructuring of a backward society such as India's, but under the hegemony of the communists; and the second, a fight for socialism — which the Comintern formulated in the Stalin period, is the central theoretical axis of the CPM's political programme, the basic definition of the party's long-term game plan, at least on paper.

Classical Formula

In this strategy, the first stage is the "people's democratic revolution," which accomplishes the tasks associated with the classical bourgeois revolutions, of wiping out feudalism, freeing the country from 'imperialist domination', and launching a state-led process of capital accumulation. The "people's democratic revolution" is carried out by the "people's democratic front", a coalition of the working class (represented by the CPM), the peasantry (including the rich peasants), the middle class, and the national bourgeoisie, a supposedly anti-imperialist and anti-feudal layer of capitalists.

This classical Stalinist formulation, which the Chinese Communist party

accepted in theory (although not in practice), is the core of the CPM's strategy as defined in its programme of 1964 which the CPM has not modified in any way so far. It also holds that a peaceful or parliamentary transition to socialism is impossible.

As important as this political conception is what may be called organisational Stalinism — the doctrine of democratic centralism as it was actually practised in the Soviet Union from the late twenties onwards and the notion that a genuine revolutionary party can only be built from above.

These ideas have been crucial to the way the CPM was built from the sixties onwards. The CPM cadre, perhaps the most literate and disciplined of any party in India, is even today brought up on a diet of Stalinist political concepts and organisational principles.

And yet the political practice of the party has, especially over the past five years, diverged greatly from these theoretical premises. How does the party leadership reconcile this practice with its theory? There certainly has been no attempt so far to make any radical changes in the ideological-political premises. There has however been a gradual and subtle shift in the CPM's political perspectives, mainly in the form of more and more steps or intermediate stages being introduced in the path of the "people's democratic revolution."

ues", without a formal abandonment of the concept.

Thus the formation of the "people's democratic front" is now to be preceded by the building of a "Left and Democratic Front". The programme of the LDF is more modest than that of the PDF. The Jullunder congress of the CPM in 1978 introduced one additional category — the anti-authoritarian front, a sort of a transitional stage or bridge to the LDF. The anti-authoritarian front was to have a four-point programme, the Jullunder congress resolved. The programme included very significantly the institution of the right to recall elected representatives, besides the withdrawal of MISA and rescinding of the 42nd amendment.

Trenchant Critic

The Vijayawada congress also reiterated the anti-authoritarian front perspective but, unlike the preceding congress, defined no specific programme or tasks to be undertaken by such a front.

On organisational matters too, the CPM has tended to adopt an approach that perhaps for purely pragmatic considerations is not as rigid as in the past. For instance, for reasons of expediency, the CPM leadership has willy-nilly tolerated a certain amount of localism, e.g. in West Bengal, although that involves a definite departure from Stalinist norms of party organisation.

Thus while the revision of the CPM's political-ideological and orga-

nizational principles has so far had an extremely limited and marginal character, in practice the party has become much more flexible. For instance, it has little hesitation in including the Italian communist party among the list of fraternal parties.

Over the years, the CPM has changed from being a trenchant critic of the idea of peaceful coexistence (between socialism and imperialist capitalism) to a defender of *détente*. And far from attacking the notion of peaceful, parliamentary transition to socialism, the CPM now defines the defence of bourgeois parliamentary democracy as one of its central tasks — the first point, in the 23 point programme of the Left and Democratic Front, adopted at Vijayawada.

The party has, equally significantly, dropped all the old rhetoric about sabotaging the constitution 'from within'. Today it explicitly defends the basic structure of the Constitution, and calls for a fight against the subordination of the judiciary to the executive.

How long the CPM can continue to survive and grow with the unreconciled disjunction between its theory and practice is of course difficult to say. Obviously it cannot do so indefinitely. What the Vijayawada congress shows is that the CPM leadership is not unaware of this problem. The Congress has given it the mandate to begin the process of reconciling theory with practice, albeit cautiously.

CSO: 4220/7946

MINISTER SAYS FOREIGNERS AID SECESSIONISTS

Bombay THE TIMES OF INDIA in English 26 Feb 82 p 7

[Text]

NEW DELHI, February 25

(PTI).

THE government had taken steps to streamline and strengthen the intelligence network in the north eastern region to curb operations of some foreign agencies which were helping secessionist elements, the minister of state for home, Mr. N. R. Laskar, said in the Rajya Sabha today.

He said some ammunition with Chinese markings had been seized from the secessionists who were also known to have some pockets in Bangladesh.

Mr. Laskar said Meiti extremists in Manipur had sent some youths to Lhasa for training and indoctrination but declined to give any further details on it.

He was replying to a calling-attention motion on the reported killing of 21 army personnel in an ambush near Imphal on February 19 by secessionist elements.

Mr. Laskar assured the house that

there would be no let-up in the drive against extremists.

Mr. Laskar said the government was determined to crush the activities of secessionist elements in the north eastern region.

The notice of the motion was given by Mr. Dineth Goswami (Ind) 11 others.

Mr. Laskar said according to his information, there were four extremist groups operating in Manipur.

He said para military forces were working in a difficult terrain in difficult circumstances and their role in maintaining peace should be appreciated. Violence in the area was declining, the minister added.

Mr. Laskar said several projects had been started in Manipur and a number of unemployed had been provided employment.

He said several important leaders of the underground movement had been arrested and all these developments had a salutary effect on the general law and order situation.

CSO: 4220/7946

BENEFITS OF MIRAGE, MIG PURCHASES TOLD

Bombay THE TIMES OF INDIA in English 18 Feb 82 p 8

[Article by Inder Malhotra]

[Text]

By now the Mirage deal is as good as struck. A memorandum of understanding between the Indian and French governments has already been signed and it will take effect as soon as the necessary contract between the defence ministry and the manufacturers of Mirage, Marcel Dassault, is concluded. Negotiations for this purpose are progressing satisfactorily in New Delhi and the contract should be signed and sealed any day now. What is contemplated is the outright purchase of 40 Mirage-2000s and an option, to be exercised later, to manufacture three advanced multi-role aircraft under licence at HAL in Bangalore. The number of Mirages covered by this option is 110, not 150 as published by BBC.

Though it has been a subject of much controversy over the last two years, Mirage-2000 is a versatile, sophisticated and high performance aircraft, capable of shooting down enemy aircraft both above and below it with its high-precision Super Matra-530 missile. Its acquisition should therefore provide the IAF with the much-needed additional punch. To say this, however, is not to overlook the doubts and misgivings about the deal that persist though it is only fair to recognise that some of these arise from misconceptions and wrong assumptions.

Real Rationale

For instance, much of the criticism of the Mirage-2000 flows from the fact that it is not a fool-proof counter to the F-16 that is being supplied to Pakistan by the U.S. But then nobody ever claimed that the Mirage was India's answer to

the F-16. In any case, only a handful of Mirage-2000s could be available to this country by the time 40 F-16s are in service in Pakistan's air force. The real rationale of going in for the Mirage is that it is a high-technology, multi-role aircraft which would provide a sound basis for the future development of the Indian aeronautics industry in order to cope with the country's air defence in the 'nineties' and beyond.

Similarly, the argument that the Mirage ought not to be brought because it would add further to the multiplicity of types of aircraft in the IAF's inventory is somewhat misplaced. There is no doubt that with different categories of planes in its services, the IAF has sometimes earned the nickname "United Nations of aircraft," but this painful proliferation has to be, and is being, ended by phasing out obsolete and outdated aircraft and not by preventing the modernisation of the air force through the acquisition and manufacture of high-technology planes.

One of the main merits of the Mirage deal, in fact, is the overwhelming emphasis it places on the transfer of technology, both existing and the one to be developed as the Mirage project goes on in France, to this country so that it remains abreast with the rest of the world in the field of aerial warfare. Thus it is that the Mirages to be supplied to India will eventually have both a more powerful engine than the existing one and the RDI radar, more suited to Indian needs, than the standard RD94 one with which the French

plane is being equipped at present.

Another factor which seems to have weighed with the government in opting for the Mirage is the desirability of diversifying this country's sources of military equipment. Since the Americans have gone back even on their earlier offer to sell to this country TOWs anti-tank missiles, supplied by them to Pakistan in plenty, the Soviet Union and France remain the only reliable sources for the sophisticated weaponry needed by India. It is no mere coincidence that after the American refusal to sell TOWs to this country, New Delhi had to turn to Paris for the comparable but much costlier Milan anti-tank missile. The deal was concluded with remarkable speed.

This brings one to yet another point in favour of the Mirage deal. It is that, quite apart from the operational qualities of the Mirage-2000, the deal should not be viewed in isolation but as part of an across-the-board techno-economic co-operation between India and France. Under this arrangement, French technology is to be made available in fields ranging from space to sea-bed mining and missilery to sophisticated electronics.

Moreover, as far as can be ascertained, France is also willing to establish with this country in the field of aeronautics, a relationship that goes far beyond that between a seller and a buyer. Adequate buy-back arrangements are likely to give a boost to Indian attempts to achieve self-reliance and reduce the outflow of foreign exchange.

If the Mirage-2000 is a highly versatile aircraft, it is also very costly. There is clear need to ponder therefore whether the heavy expenditure on the deal is worthwhile, especially in view of the present economic difficulties and an extremely tight foreign exchange position. But here again the French seem to have been eminently reasonable.

Attractive Terms

For one thing, they have offered, attractive credit terms which will preclude a drain on India's foreign exchange resources for quite a few years. Also, the price of

the aircraft, still under consideration, may turn out to be lower than is generally assumed. Furthermore, if 40 Mirage-2000s are to be bought and more to be manufactured later, the Jaguar programme is to be correspondingly curtailed. The saving on the latter will partly finance the former.

In any case, national security cannot be bought on the cheap. Even after the acquisition of Mirage, other measures to augment air defence will have to be taken. It is not merely that an answer has yet to be found to the F-16. Soon the much deadlier F-15 and F-18 may also appear in the sub-continent's skies. The only answer to this frightening array is still under development in the Soviet Union. The NATO has code-named this Russian aircraft R-L while the Russians prefer to call it MiG-29. According to the December issue of the International Defence Review, this aircraft should be ready by the end of next year.

At a recent meeting of parliament's consultative committee attached to the defence ministry, Mr. R. Venkataraman clearly indicated that the option of acquiring the MiG-29, as an effective counter to the U.S.-supplied warplanes to Pakistan, far from being ruled out, was under active consideration. What he did not add but ought to be obvious is that the MiG-29 is being thought of in addition to the Mirage, not as a substitute for it. The two aircraft have entirely different roles to play.

The F-15s, F-16s and F-18s, are not the only warplanes that might be acquired by Pakistan in coming years. It is almost certain that Islamabad will also get from the U.S. before long at least two Grumman Hawk-AWACS (airborne warning and control system) aircraft which will enable the PAF to look deep into Indian territory on the one hand and on the other to virtually neutralise the low-flying strike aircraft such as Jaguars. This country simply cannot afford to let this happen. It will therefore have to think of countering Pakistani AWACS with the fighter version of the MiG-25 of which only the unarmed reconnaissance model has so far been acquired by New Delhi in very small numbers.

Two Lines

From the foregoing it is clear that by the nineties the aeronautics industry in this country will have two broad lines of production: one centring on the various varieties of MiG and the other built around the technology of the Mirage. What is more — and this of critical importance — the two technologies can be easily married and that is where the paramount importance of the Mirage-2000 lies. For it is no secret that while the engine, the airframe and even the weaponry of Soviet aircraft can match those of any comparable western aircraft, in sophisticated avionics the west has a definite edge.

This should explain why HAL has already done remarkable work in installing western avionics and indeed even the French Matra missiles into the MiG-21 Bis. The navy and Mazagon docks, Bombay, have done even better. The new, indigenously developed version of the Leander frigate has British design and western electronic control system. But its weaponry, including surface-to-surface missiles, is overwhelmingly Russian, giving the vessel a capability that the original Leander could never acquire.

Equally imaginative improvisation and innovation is needed now in the complex field of aeronautics, especially when the various technologies included in the French package offer ample scope for this. In other words, HAL, badly in need of reorganisation and the autonomy that the Prime Minister has promised to the entire public sector, has its task cut out for it.

In years to come, it will have to concentrate on systems integration in both aeronautics and missilery. This means that the military designing team at Bangalore, which has its hands full with helicopter-designing and updating the training aircraft, is not enough. At least one more team, to be deployed at both Bangalore and Hyderabad, is urgently needed. It is to be hoped that its early formation will not be obstructed by piddling financial procedure or other abominable no-men of the administration.

SOVIET CONSTRUCTION MINISTER'S ACTIVITIES REPORTED

New Delhi PATRIOT in English 6 Mar 82 p 10

[Text]

Soviet Minister for construction of heavy industry enterprises, N V Goldin on Friday said that some outside forces were sowing the seeds of conflict to create tension in the Asian region, reports UNI.

Speaking at a public reception given to him by the Friends of Soviet Union (FSU) in the Capital, Mr Goldin, without identifying any country, expressed concern at the disturbed atmosphere in the region.

Talking about Indo-Soviet relations, Mr Goldin underlined the significant and positive role the two countries could play in establishing durable peace.

In his welcome address, FSU chairman Nurul Hasan, a former Union Minister, said security of Indian Ocean was far from satisfactory. Clouds of war were hanging over the horizon with a threat of a nuclear holocaust, he said.

He, however, hoped that the Indo-Soviet friendship would play a positive role in easing the tension and establishing durable peace.

Earlier in Chandigarh, at a press conference Mr Goldin said India, will join the space-

spacecraft club of the world in two years' when its two cosmonauts along with their Soviet counterparts enter the space in a joint venture to be launched from the Soviet Union, adds PTL.

He said India and the Soviet Union had agreed in principle to such a venture.

Mr Goldin said the Treaty of Friendship between India and the USSR was not against any other country but aimed at mutual understanding and cooperation between the two countries. 'What is important for us is the friendship of India and its people,' he observed.

He said the process of cementing ties of friendship with the Soviet Union set in motion by late Jawaharlal Nehru was now being furthered by his daughter Indira Gandhi.

Mr Goldin who was once chief engineer at the Bhilai steel plant commended the Indian engineers and said they now ranked among the best in the world. The Indian engineers were now in a position to 'set up steel plants like Bhilai not only within India but in other countries also.

ANALYST TELLS EXPECTATIONS FROM USTINOV VISIT

Madras THE HINDU in English 9 Mar 82 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, March 8.

The Soviet Defence Minister, Marshal Dmitry Ustinov, who is arriving on March 15 on a six-day visit to India, will be accompanied by the Chiefs of the Soviet Navy and Air Force and the Deputy Chief of the Army, besides a number of other senior military officers and experts on Indo-Soviet relations.

The Soviet delegation will be travelling in two planes, one of which will be used for Marshal Ustinov's internal travel in India to visit some of the defence installations.

Marshal Ustinov and his team will be visiting Bombay to see some vessels of the Indian Navy, a forward air base to witness a demonstration of the Indian skills in flying MiG-21s and MiG-23s, and the Armoured Corps Centre in Jabalpur near Jhansi to watch an army exercise. It is customary to demonstrate India's defence capabilities to high-ranking foreign military delegations during such visits.

The Soviet Army, Navy and Air Force Chiefs have been making independent trips to India from time to time to return the visits of their Indian counterparts to the Soviet Union. But the Soviet Defence Minister has chosen to bring the Chiefs of the Navy and Air Force and the Deputy Chief of the Army, leaving behind only the Army Chief, Marshal Ogarkov, who functions concurrently as Deputy Defence Minister and head of all the Soviet armed forces.

The delegation that is accompanying Marshal Ustinov is so high-powered that even his ADC is a Lieut-General of the Soviet Army, let alone the other ranking service chiefs with the rank of marshals of the Soviet Union. It is the first time that any country, including the Soviet Union, has chosen to send such a top military delegation on what is essentially a goodwill visit.

The last Soviet Defence Minister to visit India was Marshal Grechko, who also brought a big delegation with him. After his visit in 1975, the then Defence Minister, Mr. Jagjivan Ram, went to the Soviet Union in 1978 during Janata rule. But the present Soviet Defence Minister, Marshal Ustinov, has not visited India all these years since there was no Defence Minister in Mrs. Gandhi's Government. He sent his deputy Marshal Ogarkov, last year to keep up the continuity of these high-level contacts.

Soviet initiative: After the recent appointment of Mr. R. Venkataraman as Defence Minister, the Soviet Government took the initiative in proposing that Marshal Ustinov would be happy to pay his long over-due visit around the middle of March, if it suited Indian convenience. There was no fresh invitation as such for him to pay a visit at this time.

The visit of Marshal Ustinov has come to acquire considerable political significance because of the current regional situation. The U.S. and other countries are bound to attach undue importance to it by exaggerating its implications, or implying that it is intended to draw India closer to the Soviet Union.

But the Government of India is taking this visit in its normal stride, looking at it purely as a bilateral event. It is not customary with India to engage in any negotiations for the purchase of more military equipment on such occasions, since such a supply relationship is handled at official levels in the normal course. The Government is not in any way trying to under-play the importance of Ustinov's visit in stressing the goodwill aspect of it.

Talks on supplies likely: Apart from the protocol calls on the President, the Vice-President and the Prime Minister, there are bound to be substantial discussions between the two Defence Ministers and the Chiefs of the three Services on either side to review the on-going supply relationship and assess India's future requirements.

But there is no question of India embarking on any large-scale purchase of Soviet arms, other than what the country is already getting as part of its modernisation programme, all because of the U.S. decision to arm Pakistan.

The External Affairs Ministry is taking steps at the diplomatic level to explain to various countries the purpose and scope of Marshal Ustinov's visit in an effort to put it in its proper perspective. And the more amongst them like the U.S. do not require to be told, other than perhaps reminded gently, that it is not India's policy to become over-dependent on any one superpower even if the other has chosen to queer the pitch for it in the region through the misguided policy of arming Pakistan and generating fresh tensions.

CSO: 4220/7969

FOREIGN OFFICE OFFICIALS TO VISIT EAST EUROPE

Madras THE HINDU in English 5 Mar 82 p 9

[Article by G.K. Reddy]

[Text]

NEW DELHI, March 4.

The Foreign Secretary, Mr. R. D. Sathu, proposes to visit Warsaw, in the course of a farewell trip to some capitals in Europe, to get a first-hand impression of the latest Polish situation.

It is not the intention of the Government of India to probe into the Polish crisis in any way by sending the Foreign Secretary to Warsaw at this time to ascertain whether General Jaruzelski's martial law regime is firmly in control or whether the popular upsurge led by Solidarity is making headway again.

Mr. Sathu is planning to go to Poland before he retires on April 30, primarily in response to a long-standing invitation. But the timing of the trip is bound to be interpreted differently in Moscow and Washington.

The Soviet Union will certainly view it as a friendly gesture on India's part, while the U.S. will wonder why this country is sending a senior emissary like the Foreign Secretary at this time. Though there can be two opinions about the timing of the visit, the fact is that Mr. Sathu has been toying with the idea of making a brief trip to Warsaw with no particular purpose in mind other than assuring Poland that, whatever the nature or extent of its internal turmoil, India continues to entertain the friendliest feelings towards it.

Only official contacts: Apart from having some routine exchanges with his counterpart in Warsaw on the international implications of the internal developments in Poland, he will not attempt to meet anybody outside the Governmental circles to make an independent assessment of the Polish situation. It

is neither possible nor desirable to attempt anything of this nature during a stay of a couple of days there.

But the Foreign Secretary's trip will have its own significance in the sense that he will be the second important person outside the Soviet bloc to visit Poland after the military crackdown. The first non-Communist emissary to go to Warsaw after the imposition of the martial law has been the special representative of the Pope deputed to make an independent assessment of the Polish situation.

But, otherwise, the Western countries have been boycotting Poland and maintaining hardly any contact with General Jaruzelski's Military Government although they continue to have diplomatic relations with it. At the time, the U.S. and its allies have been quietly reconciling themselves to the prospect of the pro-Soviet Polish military regime, regaining full control and putting the country solidly behind the Warsaw pact.

Stop-over in Moscow: The Foreign Secretary will stop over in Moscow for talks in the course of the visit to Poland. He will naturally have occasion to ascertain the latest Soviet thinking on Poland, although the purpose of his stop-over is to have a general exchange of views with senior Soviet officials both on the international and regional situations.

The Soviet Government has been pressing for a visit by the Prime Minister Mrs. Indira Gandhi to Moscow in return for Mr. Brezhnev's last visit to Delhi. The Foreign Secretary will try to ascertain whether the top Soviet leaders have something really important in view to talk to her or they want her to visit Moscow simply to keep up the continuity of the high-level Indo-Soviet exchanges.

Mrs. Gandhi's visit. At one stage, the Prime Minister was thinking of a trip to Moscow some time in late summer, if she was going to visit Washington during autumn. The Government of India was given to understand that the Secretary of State, General Alexander Haig, would be bringing an official invitation to her from President Reagan during his proposed visit to India in December last, which was suddenly cancelled following the Polish developments.

There is still some talk that General Haig might visit some time this summer, depending on mutual convenience to prepare the ground for Mrs. Gandhi's trip to Washington. But the Moscow visit cannot be kept in abeyance any longer by linking it up with her trip to Washington at some point.

The External Affairs Minister, Mr. P. V. Narasimha Rao, who passed through Moscow last year on his way to Stockholm, is also thinking of paying an independent visit to the Soviet Union this summer ostensibly to participate in the next ministerial meeting of the Indo-Soviet Joint Commission. It could,

be a prelude to a visit by Mrs. Gandhi at a later stage.

Marshal Ustinov coming: Meanwhile, the Soviet Defence Minister, Marshal Dimitri Ustinov, is arriving on March 15 on a six-day visit to India to return the visit of Mr. Jagjivan Ram, to the Soviet Union when he was Defence Minister in the Janata Government. Marshal Ustinov could not pay the visit during the last three years since there was no Defence Minister in Mrs. Gandhi's Cabinet to play host to him.

As a compromise, the Soviet Government sent last year Marshal Ogarkov, Supreme Head of the Soviet Armed Forces, who is also a Vice-Minister of Defence. He ranked with Mr. Shivraj Patil who, as a Minister of State, was in virtual control of the Defence Ministry although Mrs. Gandhi was on overall charge of it.

And now that there is a full-fledged Defence Minister, Mr. R. Venkateswaram, the Soviet Government apparently felt it was high time that Marshal Ustinov paid his long overdue visit.

CHAUHAN CASE SYMPTOMATIC OF RELATIONS WITH U.S.

Madras THE HINDU in English 18 Feb 82 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, Feb. 17.

The U.S. Secretary of State, Mr. Alexander Haig, has written to the External Affairs Minister, Mr. P. V. Narasimha Rao, assuring him that the Akali secessionist, Mr. Jagjit Singh Chauhan, will not be permitted to engage in any advocacy of violent measures to propagate the Khalistan demand.

A letter from Mr. Haig was delivered to Mr. Narasimha Rao today by the U.S. Ambassador in Delhi, Mr. Harry Barnes, allaying India's apprehension about Mr. Chauhan's activities in the U.S.

Mr. Haig has given the assurance that the U.S. Government will take action against Mr. Chauhan if he advocates "violent means to challenge the authority of India." He maintains that this self-styled leader of Khalistan was admitted to the U.S. purely on humanitarian grounds, despite the fact that he was not in possession of valid travel documents following the cancellation of his Indian passport.

The message from Mr. Haig was in the nature of a reply to the concern voiced by Mr. Narasimha Rao, when the U.S. Ambassador was called to the External Affairs Ministry earlier this month and told of India's unhappiness over the U.S. action of applying the waiver provision to let Mr. Chauhan enter the U.S.

Britain's attitude

Meanwhile, the British Government has informed India that no identity certificate was issued to Mr. Chauhan to travel abroad after the cancellation of his Indian passport. As a long-time resident in the U.K., the Government of India was told, he was entitled to return to Britain even without any travel documents.

Though the Canadian Government has restricted Mr. Chauhan's activities, in the sense that he has been asked not to engage in any political propaganda from that country, there is no firm assurance from Ottawa that he will not be permitted to re-enter Canada, if he chooses to leave the U.S. It has to be seen on what basis he will be admitted back into Canada in the absence of valid

passport or other travel documents.

The Chauhan episode is only a periodic manifestation of India's lingering suspicions about the U.S. attitude. Despite the professed desire of the two countries for better relations, they have not been able to maintain a level of contacts that could help to diminish their differences.

Though the U.S. Secretary of State has been visiting North Africa, West Asia and Europe, he has not found time to make his much-postponed trip to Delhi. There have also been no visits by other State Department functionaries in the last two months after Mr. Haig put off his trip in the wake of the Polish developments.

From the Indian side, however, a conscious effort is being made to strive for an opening in non-controversial areas where there are possibilities for an improvement of relations. The fact that the Joint Commission has not met for several years has not been allowed to stand in the way of the three Sub-Commissions meeting regularly to carry forward the understanding reached for increased cooperation.

The stalemate in the Tarapur talks is being allowed to continue to avoid the unpleasantness of recrimination over an abrupt termination of the agreement. Both the Prime Minister and the External Affairs Minister have been extremely circumspect lately in their references to the Tarapur issue by confining themselves to a routine reiteration of the Indian position.

According to those well acquainted with the running controversies and recurring irritations in Indo-American relations, the present uneasy relationship will continue for another few months, until the two sides are free from other preoccupations to make some fresh moves to reopen the stalled dialogue.

Until then, the feelings on either side will continue to be ruffled by relatively minor incidents like the U.S. grant of an entry visa to Mr. Chauhan ignoring the Indian protests, and the Indian directive to the U.S. Embassy in Delhi not to screen the video film on "Let Poland be Poland" even to private audiences.

INDIA, GREECE TO EXPAND ECONOMIC RELATIONS

Calcutta THE STATESMAN in English 6 Mar 82 p 1

[Text]

NEW DELHI, March 5.—India and Greece today decided to expand economic relations and to exchange "very soon" high-level expert delegations, report UNI and PTL.

This was the outcome of a 45-minute meeting between the delegations of the two countries, led by their Foreign Ministers.

Earlier, the External Affairs Minister, Mr P. V. Narasimha Rao, and the Greek Foreign Minister, Mr Y. Haralambopoulos, met for 30 minutes without sides.

An official spokesman said that the exchange of delegations would take place in a few months. The Greek delegation will comprise those with special knowledge of science and technology, industry and commerce and would hold discussions with economic ministries.

The spokesman said the Greek Foreign Minister felt that while the climate for economic cooperation was "positive", the present level of relations was limited. A cultural exchange agreement would be concluded soon between the two countries, he added.

Greece supported India's stand that large-scale induction of arms into this region was a matter of concern.

According to the spokesman, Mr Rao expressed India's appreciation for the Greek Minister's agreement with the view that large-scale induction of arms into the region, which had repercussions right up to the Mediterranean, where Greece is located was a matter of concern.

Mrs Gandhi today hosted a lunch for the visiting President of Greece, Mr Constantine Karamanlis.

CSO: 4220/7961

G.K. REDDY ON EFFORTS TO END IRAN-IRAQ WAR

Madras THE HINDU in English 6 Mar 82 p 9

[Article by G.K. Reddy]

[Text]

NEW DELHI, March 5.

The External Affairs Minister, Mr. P. V. Narasimha Reddy, is leaving for Geneva tomorrow to meet the Cuban Foreign Minister, Mr. Isodoro Malmierca, who has been exploring the possibilities of reactivating the non-aligned peace efforts to end the Iran-Iraq conflict.

As current chairman of the non-aligned community, Cuba is taking the initiative to get the members of this peace group together to review the situation, before making any fresh moves for a ceasefire.

The former Swedish Prime Minister, Mr. Olof Palme, has paid one more visit to Baghdad and Teheran, in his capacity as a special representative of the U.N. Secretary-General, but has drawn blank again.

The Iraqi and Iranian Governments continue to adhere rigidly to their diametrically opposite positions with neither side inclined to make any concessions.

The Iraqi Government wants an unconditional ceasefire on the basis of the existing military situation. But the Iranian Government is insisting on Iraqi withdrawal from the occupied territory as an essential pre-condition for a ceasefire.

The Iraqis are ready to renegotiate a new border agreement while the Iranians maintain that any fresh talks should be within the framework of the Algiers Treaty of 1975 which provides for an agreed revision of any of its provisions.

No common ground: There is thus no common ground at all for resuming the threads of mediation under whatever auspices. If the U.N. representative has not been able to make headway in bringing about a ceasefire, the Islamic conference does not think that the time is ripe yet for a renewed peace effort.

In this situation the non-aligned mediatory group also feels somewhat disheartened despite its determination to keep its peace initiative alive even if there is no hope of a breakthrough in the near future.

A compelling reason for persevering with this effort in the face of this stalemate is that the non-aligned community is anxious to find a way out, if only to avoid a controversy within the movement whether it would be desirable to hold the next summit in Baghdad in September in the face of bitter Iranian opposition.

It is for this reason that the Cuban Foreign Minister, has requested the other members of the non-aligned peace group — the External Affairs Minister of India, the Foreign Minister of Zambia and the head of the political department of the Palestine Liberation Organisation — to meet him in Geneva to see what could be done in these circumstances.

The idea is to make a fresh effort, for what it is worth, to persuade Iraq and Iran to agree to a conditional or unconditional ceasefire, if possible, or else at least arrive at a private understanding to scale down the fighting to the level of an unofficial cessation of hostilities without prejudice to their respective public postures.

Any such accord would enable the non-aligned community to hold the next summit in Baghdad as planned without any obvious embarrassment to Iran. If the conflict continues, there is every danger of its escalation with the approach of the summit conference.

At one stage Algeria toyed with the idea of mounting its own peace effort, but this move also failed to gather momentum. It was initially a member of the five-member non-aligned peace group, but had to opt out because Iraq would not accept its inclusion despite Iran's insistence on its continuance.

RAO TO ATTEND NONALIGNED MEETING IN KUWAIT

Madras THE HINDU in English 10 Mar 82 p 1

[Article by G.K. Reddy]

[Text] New Delhi, March 9--A three-day ministerial meeting of the Coordination Bureau of the Non-aligned nations will be held in Kuwait from April 6 to discuss the West Asian and Gulf situations--and review the prospects for holding the next summit in Baghdad in the face of bitter Iranian opposition.

The External Affairs Minister, Mr P.V. Narasimha Rao, who is returning from Geneva tomorrow after attending the meeting of the non-aligned peace group will represent India at the Bureau session.

The Non-aligned Bureau is meeting primarily to discuss the Palestine problem and coordinate the community's strategy for stepping up the campaign against the continued Israeli occupation of Arab territories including the recent annexation of the Golan Heights. But in the process of discussing the West Asian situation it will have to take note of the negative consequences of the continuance of the Iraq-Iran conflict.

Danger of Flare-Up

The four-member group consisting of India, Cuba, PLO and Zambia which has met in Geneva to resume its mediatory mission decided to meet again in Kuwait. The non-aligned community is naturally worried that if the Iraq-Iran conflict drags on with no hope of an early ceasefire, there will be grave danger of a big flare-up before the scheduled summit meeting in Baghdad in September compelling the community to postpone it.

The non-aligned moves to bring about an early ceasefire between Iraq and Iran have thus acquired added importance because of the coming summit conference. The members of the Coordination Bureau fear that a prolongation of this conflict could have an adverse impact on the non-aligned movement by dividing the community over the wisdom of holding the summit in Baghdad in such a situation.

Acid Test

But the Iraqi Government is going ahead with the preparations for the summit and treating the attitude of each member country of the non-aligned community as an acid test of its friendship with it. A country like India which has good relations with both Iraq and Iran and sees no reason why it should take any sides in this conflict is finding itself placed in an extremely embarrassing position.

At its last ministerial meeting in New York during the U.N. General Assembly session, the radicals among the Bureau members managed to get through a resolution that was sharply critical of U.S. policies without making any matching references to Soviet actions. The Reagan administration kicked up a big row and compelled some of the pro-Western member countries of the Bureau to dissociate themselves in one form or the other from these references to the United States.

The truly non-aligned ones like India which tend to steer a middle course want to avoid a similar situation at the meeting in Kuwait.

Meanwhile, the Islamic conference has decided to renew its own peace moves without waiting for the outcome of the non-aligned initiative. This parallelism between the two peace endeavours has been leading to not only a duplication of effort, but also considerable confusion in the wake of the U.N. inability to make any headway with the offer of its good offices.

CSO: 4220/7970

BRIEFS

TRADE WITH BULGARIA--India and Bulgaria agreed that the two-day trade would be trebled from the present low level of 167 million dollars within a short span of time. This was decided at the two-day third Indo-Bulgarian Joint Business Council meeting which concluded in the Capital on Thursday. The eight-member Bulgarian delegation was led by Bulgarian Chamber of Commerce and Industry president Peter Russev and accompanied by First Deputy Minister of Light Industry Liliana Vassileva. The meeting was presided over by FICCI president Arvind Lalbhan. The two sides identified major items for two-day trade. Items of export from India include textile machinery, engineering items, pharmaceuticals, drugs, chemicals and allied products, consumer items like vacuum flask, dry batteries and sewing machines, textile and textile products, transport equipment and de-oiled rice brain. Items of export from Bulgaria include soda ash, urea, machinery, equipment and spare parts, steel and non-ferrous metals, chemicals, fertilisers and pharmaceutical products, newsprint, petrochemicals, electronics, textile machinery "Prenomit," complete plants for food-stuff industry, ball bearings, electric hoists and on load tap changers. [Text] [New Delhi PATRIOT in English 27 Feb 82 p 7]

FRANCE OFFERS CREDIT--Bombay, Feb 28--"Greater possibilities of Indo-French economic cooperation in various fields" was forecast by Mr Harish Mahindra, President of the Indo-French Chamber of Commerce and Industry, on his return to India after leading a delegation of Indian industrialists to France. Mr S.P. Godrej was the Deputy Leader. The highlight of the delegation's visit was the proposed agreement by a consortium of French bankers to offer to India a line of buyers' credit, subject to the approval of Government of India, of French Francs 800 millions (rs. 130 crores approximately) for the purchase of plant and equipment and for maintenance imports for French-assisted projects in India. Mr Mahindra was hopeful this credit would be accepted by the Government of India as a supplement to the French protocol under which Government-go-Government French credit has been made available since 1973 for French projects in India. [Text] [Madras THE HINDU in English 1 Mar 82 p 6]

INDO-PAKISTANI RAIL PACT--New Delhi, Feb 25--India and Pakistan today signed a new agreement on rail communications which will improve facilities for passenger travel and movement of goods between the two countries, reports PTI. Under the three-year agreement, the present express train service between Amritsar and Lahore with first and second class accommodation will continue. The agreement, which was arrived at after a review of the one entered into in 1976 was signed for India by Mr B.B. Lal, member of the Railway Board and for Pakistan by Mr Hasan Zaheer, Secretary in the Railway Ministry. Mr Zaheer headed a four-member Pakistani delegation which had talks with Indian Railways. [Excerpt] [Calcutta THE STATESMAN in English 28 Feb 82 p 9]

ADMIRAL SETHI APPOINTMENT--New Delhi, February 25 (PTI)--Vice Admiral Sardari Lal Sethi, the chief of personnel, has been appointed as the vice chief of the naval staff. A graduate of Royal Naval Staff College, Greenwich, England, Admiral Sethi has held several key appointments. In 1970 his daring rescue of a disabled merchant ship under adverse conditions earned him the coveted Nao Sena medal for exemplary courage, determination and qualities of leadership. For his distinguished services of a very high order, Admiral Sethi was awarded the Ati Vishisht Seva medal. UNI adds: Officers and men of the Indian Navy bade farewell on Friday to Admiral R.L. Pereira, who would retire as chief of the naval staff and chairman of the chiefs of staff committee on Monday. Commissioned in 1943, Admiral Pereira specialised in gunnery. In his distinguished career of 39 years he has held the key appointments of Flag Officer Commanding, Eastern fleet, Flag Officer Commanding-in-Chief, Southern Naval Command, Flag Officer Commanding-in-Chief, Western Naval Command and the vice chief of the naval staff. [Text] [Bombay THE TIMES OF INDIA in English 27 Feb 82 p 14]

GOODS TO USSR--New Delhi, February 24 (UNI)--The Soviet Union pushed the U.S. to the second position by increasing its imports from India by 81 percent in 1980-81. The economic survey for 1981-82 pointed out that India's exports to the USSR rose from Rs. 638 crores in 1979-80 to Rs. 1,157 crores in 1980-81. The growth in exports to the U.S. had been only nominal at 4.3 percent from Rs. 817 crores in 1979-80 to Rs. 852 crores in 1980-81 which was just enough to maintain its previous year's share at about 13 percent of total India's exports. The share of the East European countries in India's total exports had improved considerably from 13.1 percent in 1979-80 to 0.9 percent in 1980-81, mainly due to an increase of 81 percent in exports to the USSR. There had been large declines in the exports to the other two major regions, namely, the EEC and the ESCAP. [Text] [Bombay THE TIMES OF INDIA in English 26 Feb 82 p 7]

CSO: 4220/7947

REPORT ON SUHARTO'S INSTRUCTION ON TRANSMIGRATION WORK

BK230841 Jakarta ANTARA in English 0804 GMT 23 Mar 82

[Text] Jakarta, 23 Mar (ANTARA)--President Suharto has given instruction for the government's transmigration coordination board to enhance its work to make possible the acceleration of the transmigration of 13 million poor farmer families from Java to the outer islands.

The instruction of the head of state has been submitted to several ministers and directors-general who were the main members of the board (Bakotrans) at the Merdeka Palace Monday [22 March].

Junior minister for transmigration Martono disclosed to reporters President Suharto had felt it necessary to issue the instruction because to date there were 25 million poor families working in the agricultural sectors. According to the 1981 census, he said, 6 million of the farmers owned only from 0.25 to 0.5 hectares of land each and another 8 million of them are completely without land.

According to Martono, if the 13 million farmer families could be resettled in the outer islands then land ownership on Java could be expanded to an average of 0.5 hectare.

Martono said the transmigration target of Palita III (Third Five-Year Development Plan) was to move 500,000 families in five years.

If the transmigration process proceeded only at this rate it would take a very long time to move the 13 million families.

For that reason ways should be worked out to enhance the transmigration program, he said.

Those who were at the Merdeka Palace to meet the president Monday included Minister Sumarlin; Minister Harun Zain; Home Ministry Secretary General Suprpto; Minister Purnomosidi; Director General Kadarusno; Director General Pang Suparto; Director General Daryono; and Lampung Governor Yais Hadibroto.

(SA): 4220/438

SUHARTO SPEAKS ON NATIONAL FAMILY PLANNING PROGRAM

BK221135 Jakarta ANTARA in English 1100 GMT 22 Mar 82

[Text] Jakarta, 22 Mar (ANTARA)--President Suharto declared here Monday [22 March] that the government's call on the nation to adopt family planning proved to have received an encouraging response.

This, he said, indicates the public's consciousness that family planning is a necessity for the community, family and individual.

The head of state made this remark when the leadership of the National Family Planning Coordination Body (BKKBN) called on him at the State Palace to hand over the list of names of permanent family planning acceptors.

The president emphasized that the success of the national planning program depended not only on the services of the family planning officials and the provision of the necessary devices but also on the attitude of people.

Suharto pointed out that as manpower resources, the population needs to be developed into an effective working force which can contribute to accelerating development.

This is important because without proper guidance a big population can instead become an obstacle to national development and even become a potential source of social, economic and security instability, he warned.

In conclusion, the president added that family planning did not depend on women and mothers alone. Men, too, should be active and have a positive attitude on the family planning program, he concluded.

The health minister, concurrently head of BKKBN, in his report said that there were a total of 92,524 permanent acceptors (over a 10-year period) and 402 permanent acceptors of above 16 years category.

The president will present citations to these permanent family acceptors next April 21, Kartini Day (Kartini was a pioneer of the Indonesian women's emancipation movement).

CSO: 4220/438

SUBROTO RETURNS, SPEAKS ON OPEC MEETING

BK230809 Jakarta ANTARA in English 0700 GMT 23 Mar 82

[Text] Jakarta, 23 Mar (ANTARA)--Minister for Mines and Energy Professor Subroto has said that Indonesia is in full support of the decision of the emergency meeting of the Organisation of Petroleum Exporting Countries (OPEC) to reduce crude production by member countries by an average of 22.5 percent.

Minister Subroto said this upon return at Halim Perdanakusuma International Airport here Monday [22 March] afternoon from trips to a number of European countries and attending the emergency meeting of OPEC in Vienna March 19-20.

During the meeting the OPEC oil ministers decided to maintain the present OPEC benchmark price of U.S.\$34 per barrel, to reduce crude production to 18 million barrels a day and to collect differential for quality crude to the level of 1978 (a decline of 50 percent).

Minister Subroto told newsmen at the airport the average crude production by OPEC member countries based on the decision would drop by 22.5 percent with Kuwait agreeing to a reduction by 41 percent and Gabon, zero percent, the lowest among the members.

The decision becomes effective as of April next, the minister said. Based on the decision, he announced, Indonesia's crude production would then be 1.3 million barrels per day, Venezuela 1.5 million, Kuwait 0.65 million, Nigeria 1.3 million, Iraq 1.2 million, Qatar 0.3 million, Saudi Arabia 2.5 million, Gabon .15 million and the United Arab Emirates 1 million.

The emergency session in Vienna was held following serious threats that crude prices in world markets would drastically drop among non-OPEC countries and a sharp decline in crude demand worldwide.

Before going to Vienna, Minister Subroto held a series of talks with economic ministers in Western Europe to persuade them to join the VI International Tin Agreement (ITA). His invitation to join the ITA was welcomed by France, Belgium, Luxembourg and the Netherlands.

CSO: 4220/438

INDONESIA

NON-OIL EXPORT EARNINGS DROP IN 1981

BK200923 Jakarta ANTARA in English 0908 GMT 20 Mar 82

[Excerpt] Jakarta, 20 Mar (ANTARA)--Indonesia's export value excluding oil and liquefied natural gas (LNG) in 1981 has dropped by 29.45 percent compared with her export earnings in 1980, it was learned from figures from Bank Indonesia here today.

The exports value in 1980 was registered at U.S.\$5.976 billion and in 1981 U.S.\$4.216 billion or a drop of U.S.\$1.760 billion or 29.45 percent.

The decline in export revenues by Indonesia among others was caused by sharp drops in prices of Indonesia export products in world markets which also caused a drop in the export volume of the country.

To encourage the export of non-oil commodities the Indonesian Government has formulated policies know as "Paket Ekspor 1982" (Export Packet 1982) including export credits.

The exports of non-oil commodities in 1981 included timber, natural rubber, coffee, tin, palm oil, tea, tobacco, tapioca, rattan, pepper, copra, cement, electronic products and handicraft articles.

Among these export items, timber earned the lion's share in foreign exchange revenues with U.S.\$948 million followed by rubber with U.S.\$874 million, tin U.S.\$424 million, coffee U.S.\$372 million, shrimp U.S.\$161 million and nickel matters U.S.\$108 million.

Palm oil kernels was the lowest foreign exchange export earner with U.S.\$4.5 million only with fertilizer earnings slightly more than U.S.\$4.8 million followed by cement with U.S.\$14.8 million and copra cake with U.S.\$37.4 million, the Bank Indonesia figures indicated.

The export of non-oil products by the country January last (1982), according to the Bank Indonesia figures, also showed a sharp drop of 66 percent compared to the exports of such commodities in January 1981.

The January last export earned U.S.\$283 million for the state's treasury compared with U.S.\$428 million in January 1981.

The government is now encouraging the export of industrial products to earn more foreign exchange reserves including the exports of garments, electronic appliances and plywood. These three industries are employing large numbers of workers and have an added value because the products are produced at home.

CSO: 4220/438

BRIEFS

'BIG POWERS' CRITICIZED--Jakarta, 15 Mar (AFP)--President Suharto today accused the big powers of exploiting local conflicts in developing countries to interfere in their domestic affairs. "The easing of world tensions and reduction of strategic weapons as desired by all nations have not materialised, but on the contrary a struggle of influence among the big powers has emerged, dragging other countries, particularly the developing nations, into its circle," the president told military academy graduates in Surabaya East Java, whose text of the speech was released here. Local conflicts in the developing countries have been the targets for subversion, infiltration and sabotage and these are occasionally used as a base to launch intervention, he said. President Suharto did not name any countries specifically. He pointed out that many challenges lay ahead, saying: "In the midst of the present development undertakings, we see the world situation full of upheavals with all their possibilities." But, he added, his government had been able to lay down a solid and dynamic base for stability at home. [Text] [BK151545 Hong Kong AFP in English 0525 GMT 15 Mar 82]

NEW INDIAN, TUNISIAN AMBASSADORS--President Suharto received the credentials of the Indian and Tunisian ambassadors designate to Indonesia, respectively Om Prakash Malhotra and Moncef Jaafar, on separate occasions in Jakarta on 17 March. The first Tunisian ambassador accredited to Indonesia has residence in Japan. [BK180641 Jakarta Domestic Service in Indonesian 0700 GMT 17 Mar 82 BK]

PLYWOOD TO U.S.--Jakarta, 22 Mar (AFP)--Indonesia is considering the export of plywood to the United States from Kaohsiung, Taiwan, as a transshipment port, it was reported today. The directorate general of sea communications has been discussing this plan with major plywood producers from across the country, the evening paper SINAR HARAPAN reported. Under the scheme, Indonesian log carriers practically thrown out of business following the government's phased ban on log exports would be mobilized to take the plywood from the country's scattered plywood production centres to Kaohsiung. From Kaohsiung, the Indonesian plywood would be carried by U.S.-based ships on their usually empty return trip from Taiwan to the U.S. west coast at presumably discount rates, the paper quoted an official as saying. Indonesian officials suggested the scheme in view of the shortage of ships directly plying the Indonesia-United States route and its supposed preferability over accumulating plywood at the four designated Indonesian transshipment ports (Belawan, Jakarta, Surabaya and Ujungpandang) for U.S. destinations. [Text] [BK221439 Hong Kong AFP in English 1157 GMT 22 Mar 82]

MAHATHIR GIVES ASSURANCES ON FOREIGN INVESTMENT

BK161358 Kuala Lumpur International Service in English 0800 GMT 16 Mar 82

[Text] Malaysian Prime Minister Datuk Sri Dr Mahathir Mohamed yesterday once again reiterated Malaysia's stand on various aspects of investment. He told the Dutch Prime Minister, Mr Van Agt, that Malaysia is very keen to spread sources of foreign investment and assured him that Malaysia had no intention to either nationalize or expropriate their investments.

Spreading process of foreign investment is an obvious yet often forgotten aspect of development policy. Many developing countries having achieved political independence find that they have exchanged political dependency for economic dependency and usually economic dependency on their former colonial masters. Often, this state of affairs comes about as a result of their long and established economic ties with their colonial masters.

Many newly independent countries have found it is easier to obtain foreign investment for their former masters, basically because of familiarity with each other's markets and potentiality. Unless developing countries make a determined effort to break out of the old pattern established through years of colonial dependency, they will find themselves and their future still tied to the colonial heritage.

Malaysia for one has been aware of this dilemma for a long time and has fought long and hard to diversify its sources of foreign investment fairly successfully. One of the problems of attracting foreign investors is their fear of nationalization and expropriation.

Malaysia is one nation that from the beginning has set its faith against nationalization and expropriation. However, in recent times there have been attempts to frighten away investors from this country by so-called financial experts. They have accused Malaysia of attempting to nationalize foreign investments by buying shares in the open market.

If not for the attention that these so-called experts command such accusations would be, as Dr Mahathir puts it, absurd and laughable. In buying shares in the open markets, Malaysian institutions, whether public or private, are practicing the philosophy of the free market. There has not been

and will not be any coercion on the part of Malaysian investors, although they have found themselves victims of sudden changes of stock market rules which it practiced successfully.

One also wonders why no so-called financial experts say anything when a Malaysian investor (?divests) himself of foreign shares that he may have in his holding.

CSO: 4220/438

MALAYSIA

TALKS HELD WITH MUSA HITAM

BK201321 Kuala Lumpur International Service in English 0800 GMT 20 Mar 82

[Text] Malaysia has expressed concern over a low priority given to the resettlement of Vietnamese boat people by third countries. Both the United States and Australia have not fulfilled their formally expressed quotas. The deputy prime minister, Datuk Musa Hitam, told his visiting Australian counterpart, Mr Douglas Anthony, that resettlement in third countries had slowed down considerably.

During the hour-long talk in Kuala Lumpur, Datuk Musa Hitam told the Australian deputy prime minister that Malaysia was concerned over the reduction in the intake of the boat people by third country nations. Malaysia did not want a dramatic incident to happen to revive the interest in illegal immigrants.

Datuk Musa told newsmen in the federal capital that there were still more than 10,000 Vietnamese boat people in Pupau Bidong, off the coast of Trengganu. [words indistinct] gave an assurance that his country would fulfill the quota as indicated earlier. He said the slowdown was due to a delay in the processing system.

On trade, Datuk Musa hoped that Australia would be able to import more Malaysian manufactured products. The move would help reduce the impact of the Western economic recession on Malaysia. Datuk Musa hopes that Australia would also soften its terms of trade to make it as free and liberal as possible. Bilateral trade between the two nations is now in Australia's favor.

The deputy prime minister also asked for more training places for English and vocational teachers in Australian institutions. Datuk Musa hoped that Australia would send teachers on a government-to-government basis for emplacement in Malaysian secondary schools.

Mr Douglas Anthony also called on the prime minister, Datuk Sri Dr Mahathir Mohamed, at his office.

CSO: 4220/438

FINANCE MINISTER CRITICIZES INDUSTRIALIZED COUNTRIES

BK201351 Hong Kong AFP in English 0909 GMT 20 Mar 82

[Text] Kuala Lumpur, 20 Mar (AFP)--Malaysian Finance Minister Tengku Razaleigh Hamzah has accused industrialized countries of becoming increasingly introverted, protectionist and even indifferent to the plight of millions of fellow human beings.

"There is, therefore, a feeling of siege among many developing countries," he said, adding, "some even feel that they are subject to economic aggression. They perceive themselves as being increasingly pushed against the wall."

Closing the second international symposium here on the mobilisation of personal savings in developing countries, Tengku Razaleigh also said that some major industrial countries appeared to be using double standards in international trade.

On the one hand, they extolled the virtues of international trade and even condemned any semblance of market intervention on the part of Third World countries.

On the other hand, however, and in the same breath, these countries, which he called "self-appointed champions of international trade," had flouted, and continued to flagrantly disregard, the very principles of free trade, both on their domestic and the international scenes.

Tengku Razaleigh said the high and sustained levels of international interest rates indicated both economic mismanagement and indifference in many industrial countries.

This was a vicious circle in which anti-inflation interest rates produced high inflation rates, which in turn were used as the reason for raising interest rates even higher to get higher real returns on capital, he said.

CSO: 4220/438

COMPENSATION FOR LOSS IN TIN SALES DISCUSSED

BK181535 Kuala Lumpur International Service in English 0800 GMT 18 Mar 82

[Text] The fall in the world market price of tin continues to be a source of concern to Malaysia and her two ASEAN partners who are also tin producers, namely Thailand and Indonesia. The world is already aware of how much harm has been caused by the sudden American decision to release tin from the stockpile despite fervent pleas from the tin-producing nations. Even the recent ASEAN-United States dialogue was a disappointment in that the American Government did not come up with anything new nor reassuring for the tin producers. Rather, there had been only commonplace rhetoric about ASEAN's importance and the potential that ASEAN holds out for its people.

The Malaysian Government is mindful of the need to take determined steps to meet ahead the problems set in motion by the falling tin price. With the Americans putting on an inward-looking attitude, there is little sense in banking on a common front as insurance against steep falls in commodity prices.

The producer-nations will probably form a tin producers club in much the same way that OPEC is a club of major world oil producer-nations. Malaysia will be expected to take the initiative in this matter, as she is the world's largest producer of tin and has always provided the leadership in tin marketing schemes, including the well-known international tin agreement.

There is nothing illegal nor objectionable about a producers club. After all, every sovereign nation has to work out how best to safeguard and promote its own interests. The raw material producing nations find that while the income they obtain from their exports have started to dwindle, by contrast the imports from the affluent industrialized nations are costing much more. This trend alone accounts for the inability of many developing nations to break out of the trap of poverty or underdevelopment. They see in unity of action a valuable method of obtaining at least reasonable and stable prices for the commodity exports.

The Malaysian minister for primary industries, Datuk Paul Leong, has taken the first step by arranging for a meeting of the ministers of ASEAN tin producing countries. The meeting will be held in Kuala Lumpur in early May, and it will consider new approaches for closer cooperation among tin producing countries. The minister mentioned the possibility of drawing in tin producing nations from other parts of the world as well. Bolivia and Zaire, for example, would probably be interested in this venture.

Malaysia will also be diversifying her metal production by striving to prospect for other materials. Some copper is already being mined in this country, and there appears to be good prospects for finding more supplies of coal. Therefore, even if there are difficulties in the short term, there should be better times eventually. The goal of diversification is a cardinal principle of Malaysia's economic policy. There was a time when Malaysia was too dependent on rubber and tin. Today, manufactured goods alone account for 18 percent of all total exports.

Another commodity in respect of which a program of revitalization is being launched is timber. Malaysia is now embarking on a scheme to open up plantations for growing quick-growing wood species as part of its effort to build up its timber resources. The need to conserve the forest wealth of Malaysia is well known. The mere extraction or exploitation of timber is wasteful. In recent years, more attention is being paid to forest plantations as they are called. Under the 4th Malaysia plan it is planned to have as an initial target at least 65,000 acres of these forest plantations. These are just some examples of how Malaysia is responding to the challenge of falling commodity prices.

CSO: 4220/438

MALAYSIA

'AFP' REPORTS 'MASSIVE' TRADE DEFICIT

BK190807 Hong Kong AFP in English 0717 GMT 19 Mar 82

[Text] Kuala Lumpur, 19 Mar (AFP)--Peninsular Malaysia chalked up a massive deficit of 2,789.8 million Malaysian dollars (1,212.9 U.S. dollars) last year against a surplus of 1,750.4 million Malaysian dollars (761 million U.S. dollars) recorded the previous year. According to the Statistics Department, peninsular Malaysia's exports last year were valued at 2,782.5 million Malaysian dollars (9,035.8 U.S. dollars) while its imports totalled 23,572.3 million Malaysian dollars (10,248.8 U.S. dollars).

The deficit in December last year was 609.2 million Malaysian dollars (264.8 U.S. dollars) compared with a deficit of 88 million Malaysian dollars (38.2 U.S. dollars) for the same month in 1980.

The major portion of the import bill of peninsular Malaysia last year was for machinery and transport equipment which were valued at 8,179.7 million Malaysian dollars (3,556.3 U.S. dollars), accounting for 34.7 percent of total imports.

The largest single import item in 1981 was electrical machinery, apparatus and appliances with import amounting to 3,024.8 million Malaysian dollars (1,315.1 U.S. dollars).

Rubber was the main export earner last year with 3,601.3 million Malaysian dollars (1,565.7 U.S. dollars) against 4,448.9 million Malaysian dollars (1,934.3 U.S. dollars) in 1980.

Crude petroleum exports amounted to 3,423.5 million Malaysian dollars (1,488.4 U.S. dollars) last year, slightly up from the previous year's value of 3,284.1 million Malaysian dollars (1,427.8 U.S. dollars).

Exports of palm oil also rose from 745.4 million Malaysian dollars (324 million U.S. dollars) in 1980 to 1,068.9 million Malaysian dollars (464.7 million U.S. dollars) last year.

In 1981, peninsular Malaysia's main trading partners included members of the Association of Southeast Asian Nations, Japan and the European Community.

Its exports to ASEAN countries were valued at 5,496.1 million Malaysian dollars (2,389.6 U.S. dollars) while its imports from them amounted to 1,808.1 million Malaysian dollars (1,655.6 U.S. dollars), resulting in a surplus of 1,688 million Malaysian dollars (733.9 U.S. dollars).

KUALA LUMPUR WELCOMES EEC DECISION TO JOIN SIXTH TIN AGREEMENT

BK241511 Kuala Lumpur International Service in English 0800 GMT 24 Mar 82

[Text] The European Economic Community's decision to join the sixth International Tin Agreement [ITA] would be welcomed by all tin-producing nations. The agreement would need 65 percent of the votes of all the consumers and producers for it to come into effect. The EEC's decision to join is bound to influence other consumer nations, especially Japan.

It must be remembered that the overriding aim of the various tin agreements was to secure and stabilize prices at a level that will be fair to the consumers and at the same time proves remunerative to the producers.

All the five agreements that have been implemented have been able to fulfill this role. It is thus regrettable to note that the United States, which participated in the fifth international tin agreement, now still in force, has seen it fit not to join the sixth agreement.

Producer nations may argue that the first four agreements were effective even though the United States did not participate and that the sixth agreement is bound to get enough votes in support for it to be implemented.

Some producing nations have also stated that the U.S. role in the fifth agreement was more disruptive rather than helpful. Moreover, the Reagan administration, with its mistaken obsession about allowing the free play of market forces, could hardly be expected to join an agreement, which has at its basic premise the manipulation and control of supply to secure prices at a certain price range.

Furthermore, the United States would also be accused of hostility toward tin producing nations, because of the decision by the general services administration to release stockpiled tin at a time when the current surplus of supply over demand has depressed the price to uneconomic levels.

Despite all these negative signs, tin producing nations have stated their desire to have the United States as an active member of the sixth agreement,

which should come into force in a few months' time. But it must not be forgotten that the patience of the producers is not unlimited especially in this case, as tin is a vital natural resource whose price fluctuations have a definite bearing on the prosperity of the nations.

If support from the consumers is not forthcoming, especially from the United States, which is the world's largest tin consumer, then the tin producers will take steps to protect their national interests. An association of tin producing nations has been suggested. Some have even gone as far as proposing the establishment of a tin cartel to protect our interests. These are tests that are not beyond our means. Consumer nations may benefit now from the low prices brought on by the current world recession. By the same token, when the demand picks up, producer nations are equally capable of demanding and getting the highest possible prices for the semi-precious metal. The only alternative to this would be full participation by all the producers and consumers of tin in the sixth tin agreement, which would moderate the prices at both the upper and lower end.

CSO: 4220/438

MUSA HITAM RETURNS FROM VISIT TO BRUNEI

BK191140 Kuala Lumpur International Service in English 0800 GMT 19 Mar 82

[Text] Deputy Prime Minister Datuk Musa Hitam returned home from Bandar Seri Begawan this morning after a 3-day goodwill visit to Brunei. The Malaysian deputy leader described his visit as having been successful in achieving deeper understanding for enhanced bilateral relations.

Datuk Musa told newsmen in Kuala Lumpur that he had conveyed to Brunei leaders Malaysia's willingness to train Brunei professionals in various fields, including those pertaining to agriculture and administration.

On defense, the deputy prime minister said there was no such agreement between the two countries as yet. Datuk Musa, who is also the minister of home affairs, said Malaysia was also prepared to train members of the Brunei police force.

Brunei had offered a site in its capital for Malaysia's representative office buildings. Malaysia, in turn, made a reciprocal offer to Brunei.

Datuk Musa had earlier conveyed the government's willingness to allocate places to Brunei students in its institutions of higher learning, polytechnic and vocational schools.

The deputy prime minister made it clear that Malaysia was not nearly on a giving end. Brunei had accorded certain facilities to Malaysia. They included places with full scholarships for Malaysians in its religious secondary schools and religious teachers training college.

Datuk Musa said Malaysia looked forward to Brunei joining ASEAN and the Organization of Islamic Conference after its independence.

CSO: 4220/438

MALAYSIA

BRIEFS

MAHATHIR, VAN AGT COOPERATION TALKS--The Netherlands has expressed interest for further participation in Malaysia's development, apart from bilateral trade. The visiting Dutch prime minister, Mr Andreas van Agt, expressed the view during his talks with Datuk Sri Dr Mahathir Mohamed in Kuala Lumpur today. He also mentioned several specific areas in which his country would like to trade with Malaysia. They were participation in the second stage of the development of telecommunication; and sale of aircraft, mainly Fokker, to Malaysia. The secretary general of the Foreign Ministry, Tan Sri Zakaria Ali, told newsmen this after the 2-hour meeting. He said both leaders also expressed the hope for an early conclusion of the avoidance of double taxation between the two countries. Malaysia also indicated its contention to ask for more landing rights in Amsterdam for MAS [Malaysian Airline System] flights. Tan Sri Zakaria said Datuk Sri Dr Mahathir had also expressed concern over the threatened tin price at the tin markets in response to a query from the Dutch leader. Mr Andreas [van Agt] said The Netherlands would be signing the Sixth International Tin Agreement and would urge the other EEC countries to do likewise. [Text] [BK151539 Kuala Lumpur Domestic Service in English 1330 GMT 15 Mar 82]

USO: 4220/438

LABOR LEADER CALLS FOR FRENCH GOODS BOYCOTT

EK190817 Hong Kong AFP in English 0732 GMT 19 Mar 82

[Report by Ray Lilley]

[Text] Wellington, 19 Mar (AFP)--The New Zealand labor opposition has proposed a boycott of French goods in shops here to show disapproval of French nuclear testing in the South Pacific.

Labour leader Bill Rowling today said a ban on buying French goods "puts the perpetrator of the crime (of nuclear testing in the South Pacific) under penalty."

Mr Rowling also confirmed that he would make a personal approach to French President Francois Mitterrand to halt the French nuclear test programme.

"He (Mitterrand) had advocated very strongly at socialist international forums that we socialists of the world must join together to get rid of this awful nuclear testing. I have admired him for it, and shall remind him of it," said Mr Rowling.

But the Labour leader rejected Australian and New Zealand trade union proposals for an across-the-board ban on all trade with France.

"It would be more effective if, rather than that, they decided not to buy French as long as testing went on. It would not affect their own members in cutting both ways, as a full trade ban will do," he said. [as printed]

New Zealand sold 95 million U.S. dollars worth of goods to France last year. Mr Rowling blamed the government of Robert Muldoon, which, he said, had forced New Zealand trade unions "to come out with a scheme like the total trade ban."

"The government has been totally gutless in its approach," he added.

Mr Rowling said the unions had had to take no action during Labour's term in office, when a New Zealand Navy frigate was sent to Mururoa in protest at nuclear tests and the Labour Government challenged the legality of the French actions in the world court.

"I think a buying ban by New Zealand's half million trade unionists and their families would be a more effective protest" and would not "disrupt things on the home front," said Mr Rowling.

A French nuclear testing programme is expected to start at the Mururoa and nearby Fangataufa atolls at any time, sources here said.

Pacific trade unions plan meetings in April and September to decide on action against the nuclear testing programme.

CSO: 4220/438

MINISTER'S 'SURPRISING' STATEMENT CRITICIZED

Lahore VIEWPOINT in English 4 Mar 82 p 7

[Text]

WITH the appointment of a new special envoy on Afghanistan by UN Secretary-General Cuellar, and the prospect that he will be able to add Tehran to the established circuit of Islamabad and Kabul, one can see a thin gleam of light at the end of a long tunnel. Then, the Interior Minister's surprising statement on the direct link between Pakistan's future election and Afghan events will give the UN envoy's assigned task even greater urgency in Pakistani eyes.

For a host of varied reasons, restoration of normalcy inside Afghanistan and on its borders to the south and west is rightly considered vital for peace and stability in the region. The problem raised its head following the 1978 Saur Revolution, with the seemingly overhasty attempts of the regime to transform a feudal, pastoral economy into a socialist society. These policies evoked resistance within the country among elements whose privileges were likely to be affected, and they sought and received both sympathy and help from their like-minded friends in neighbouring and other lands. The crisis was intensified and formally internationalised after December 1979 following the intervention of Soviet troops. Thereafter, desultory negotiations were begun to deal with a situation that had heightened Cold War tensions and created the danger of widening the conflict.

Delayed talks

After much unexplicable delay, it was agreed on all sides that the parties

directly concerned should begin talks for a peaceful, political settlement—under UN auspices. Iran's reluctance to join the parleys, and Pakistan's view that, according to relevant UN resolutions, the negotiations had to be trilateral and could not be bilateral, has held up proceedings. Now that Iran has agreed to join the confabulations, meaningful negotiations seem possible. The main principles that will form the basis of the tripartite negotiations have also been agreed upon, namely, that all forms of foreign intervention in Afghanistan should cease, Soviet troops should be withdrawn, conditions created for the return of Afghan refugees to their homeland, and that the Afghans should be left alone to sort out their internal problems, so that the fighting can abate and the danger of the conflict spilling over the Afghan frontiers can be eliminated.

Heavy burden

Such a settlement is clearly most desirable in the interests of the countries directly involved, and particularly Pakistan—which carries the increasingly heavy burden of looking after an unusually large influx of Afghans. Interior Minister Haroon has added a new dimension to the Pak-Afghan situation. He has said that the issue of elections in Pakistan is linked to the Afghan crisis, since "the geo-political situation always affects the internal situation". If this precondition really expresses the policy of the present regime, it makes the need for peace in Afghanistan and withdrawal of Soviet troops from Afghanistan more

exigent than ever before. One would like to hope that this condition can be met soon, and also that some other Federal Minister will not bring up some other geo-political factor in our neighbourhood—such as the Iran-Iraq war—as inhibiting the restoration of democracy in Pakistan.

Other factors

As if aware of the possibility that one day the Afghan obstacle to Pakistani elections will be removed, Mahmood Haroon has referred to other factors that stand in the way of the oft-promised and oft-postponed polls. He has, for example, castigated the political parties for their continued mud-slinging against each other, and criticised them for slogans based on provincialism and sectarianism. The time is not ripe for elections, he said, because elections could not be held on the basis of emotional outpourings and

rumour-mongering. His final argument against elections is that "it was evident that no party could form the majority government in the country to replace Martial Law". Not everyone will accept this prognosis. Past forecasts by past Interior Ministers have often been upset by the people who consider themselves to be the final arbiters of their destiny, which they hope to determine by choosing their representatives to sit in a sovereign parliament. In conclusion, the Interior Minister asks: "How can the CMLA-President possibly sanction elections unless he was certain of positive results?" This query has an ominous ring and will remind many people of the philosophy of controlled democracy discovered by Sikandar Mirza.

Those who have held the reins of power for almost five years should earnestly reconsider their priorities. Their decision about the country's future must be guided by national interest and the people's aspirations—

COMMENTARY ON RECENT ARRESTS

Lahore VIEWPOINT in English 4 Mar 82 p 14

[Article by M. A. Kamran]

[Text]

OVER seven hundred persons have been arrested and detained for three months in the Punjab as part of the country-wide campaign against elements suspected of creating a possible threat to the law-and-order situation.

This was stated by IGP, Punjab, while confirming large-scale arrests during the last week. He said those arrested included criminals like smugglers, 'rassagirs' (cattle thieves), proclaimed offenders and anti-social elements.

The number of arrests in the whole country was reported to be about 2,000, but was confirmed to be 2,132 by the CMLA/President, General Mohammad Ziaul Haq, during his talk with newsmen at the Lahore Airport on Saturday evening. When told that this was rather a big number, the CMLA/President replied: *Kuch Zivada Tau Nahen* (Not really).

Asked whether he felt concerned over such mass-scale arrests, he said: "You should be grateful to me for I am providing you a sense of security and safety against these elements".

A Pressman wanted to know whether politicians would be the next target. The CMLA said that he considered politicians as respectable and they had nothing to do with law and order.

Last week the CMLA/President visited Lahore thrice — for the inauguration of the National Horse and Cattle Show (which later fell a victim to the weather), to welcome the Crown Prince of Jordan, and to meet the Duke of Edinburgh.

About Haroon

He said Mr. Mahmud A. Haroon had retired from politics and as far as

he knew he had no aspirations for contesting elections or for any political office. He said Khwaja Safdar was still active in politics.

The CMLA/President made these observations when it was pointed out by correspondents that Mr. Mahmud A. Haroon had recently stated that the holding of elections in Pakistan was linked with the Afghanistan issue, while Khwaja Mohammad Safdar was saying that elections could be held after a year. He said he was not aware of what Mr. Haroon had said, but he thought that the holding of elections in the country was "not so quite" linked with the Afghanistan issue. However, he pointed out, he would make further comments on this matter at his next meeting with the newsmen, after consulting Mr. Mahmud A. Haroon.

When a correspondent asked for his comments on reports appearing in the Press that the Governors of Baluchistan and NWFP had been given extensions in their Army service for a specific period while those of the Punjab and Sind had been given extension "till further orders", the CMLA/President said: "We are all on extension. There is no discrimination (in this respect) including myself".

The CMLA/President told a correspondent that his contact with the politicians was more important than holding a round-table conference without any fruitful results. He said he was already in touch with some of the politicians. He said he felt concerned about the future of the country and thought that politicians should share his concern.

JI'S COVENANT DISCUSSED

Lahore VIEWPOINT in English 4 Mar 82 p 14

[Text]

FORMALLY dissociating itself with the efforts for a broad-based political alliance, the defunct Jamaat-i-Islami has given a formula of its own under the name of "national covenant" and called for promoting ideological and political integrity to effectively deal with the "internal and external dangers" confronting the country.

Mian Tufail Mohammad, the Amir of the Jamaat, told a news conference on February 24 after the meeting of the Shoorah and a 50-minute dialogue with the CMLA-President, General Zia-ul-Haq, a day earlier, that this was the "only party with a national programme". He said while replying to a question that it was wrong that the Jamaat was in any sort of alliance with the Government and did not want a change.

Mian Tufail Mohammad said that Martial Law could be a stop-gap arrangement to tackle the immediate dangers confronting the country, but it could not be accepted as a permanent solution. In the same context the present Martial Law, which was now lasted for four-and-a-half years could not help solve the problems, rather it had created a sense of non-participation in the national affairs in the smaller provinces.

Two aspects

The Jamaat's "national covenant" has two aspects, viz., religious and

political. So far as the first aspect is concerned Islam is regarded as the basis. The Quran and Sunnah are held as the guiding and binding force in every walk of life which implies making all laws in accordance with the Shariah, abolition of interest, feudalism and concentration of capital, and enforcing the just economic system of Islam. In regard to its political aspects, the "national covenant" reiterates the Jamaat's earlier stand that elections should be held under proportionate representation on the basis of separate electorates, and they must be held before the end of 1982. The "qualification" for candidates should be determined according to Islamic principles; a code of ethics for electioneering be devised; political parties be restored but it should be made mandatory for them to evolve their constitutions according to the Quran and Sunnah and they should be allowed to work under an agreed code of conduct.

The "national covenant" provides for restoration of the 1973 Constitution and says that the settled constitutional matters should not be revived and any amendments, if demanded, be allowed to be made by an elected parliament. It also provides for the lifting of censorship and enforcement of a code of ethics for the Press, restoration of the rights of the judiciary, and debates among various schools of religious thought within limits only.

PLEA TO SET UP LANGUAGE COMMISSION

Lahore VIEWPOINT in English 4 Mar 82 pp 15, 24

[Excerpt]

FIFTY-SEVEN writers and intellectuals of Sind have called for the creation of an All-Pakistan Language Commission to settle the problem of languages.

The following is the text of the appeal:

ISLAM being the sole basis of Pakistani nationhood, any shift from it to language, or any other thing, is bound to shake and weaken that basis.

Mother tongue as the medium of education at all levels stands universally accepted as the natural and most effective medium, and is, besides, the carrier of a people's cultural heritage. To love their mother tongue and cherish it and to preserve and develop it as a phenomenon of such a unique value and worth, is, therefore, the bounden duty of people.

According to the Constitution of 1973, Urdu is our national language, meant for official use, which role, in the Province of Sind, it has to share with the Sindhi language, which is our mother tongue.

Since the inception of Pakistan in 1947, the position of Sindhi language as the medium of education of our children as well as for official use in the Province, has been affirmed, explained and asserted before every incoming Federal Government, which, too, even though after a great deal of hums and humphs, have each time been solemnly acknowledging and upholding the claims of our language, through their confirmatory declarations, as of the years 1956, 1962, 1967, 1972 and 1974.

Unfortunately, however, equal readiness on their part for admitting

the soundness and justice of our right to our language, what to say of helping us promote the same in practice—has not been in such evidence. Discouragement of Sindhi Primary Schools in the Federally Administered Karachi area during 1948-1956, overt and covert preference accorded to Urdu medium of education and language teaching in the province of Sind at the cost of Sindhi medium education and language teaching during the One-Unit period of 1956-1970, and the current zeal and over-excitement over the questions of media of instruction and official use, ignoring almost totally the corresponding claims of Sindhi language in the province, are enough indications of the real mind of the circles responsible, who would rather wish that our mother tongue was not at all there!

Of late, quite a number of decisions on educational and language policies, and on the medium of instruction and on language for official use have been announced. These and the projection being given to the same on Radio, T.V. and in the Press, and the slogans, in particular, being drilled through these powerful public media, reflect an ominous position. It would seem as if we have shifted from Islam as the sole basis of Pakistani nationhood and are pitching, instead, the language in. The consequences of this deviation in our national ideology would not be much hard to visualise.

Group interests

It is strange that with Islam being our guide in meeting our problems, we

have not been able to solve our problem of medium of instruction for our children even after the passage of over three decades. All this seems to be due to the simple reason that we don't take principled decisions, and, instead, choose to leave issues in an indeterminate state, so as to facilitate only the advancement of our group interests.

Today, in almost all the urban centres of Sind, including Karachi, the Sindhi medium education of our children, from the very basic primary stage onwards, is suffering grievous neglect. Nothing is being done to develop the potential of our mother tongue to enable it to serve as the official language of the province, along with the national language, as allowed under the Constitution. The State-run T.V. and, to an extent, even the Radio, hardly own up Sindhi as the living modern language of the province. In its literary development, our language has to shift for itself, and its Press is languishing under step-motherly treatment. In the matter of text book production and supply, Sindhi textbooks receive attention only as a last resort. Our children are denied even the chance and opportunity to compete for Children's State awards in and through their mother tongue.

In a country like Pakistan, which is constituted of more than one linguistic communities, the problem of languages cannot be solved by ignoring it or evading it or even by suppression. Mere plausible and sanctimonious formulations would never solve it. Recourse to these would only further bog us in confusion, as it has done so far. With honest intentions and sincerity of purpose, the problem indeed is not impossible of solution. Other similarly placed countries and people have solved it. We have Islamic fundamentalism to guide us, which, in this regard, is no respecter of any particular language, and holds all languages equally worthy of respect and consideration.

Genuine goodwill

It is time we admitted to our conscience our predispositions and partialities in this and such other matters, and for the sake of equality,

fraternity and brotherhood of Pakistani Millat, allowed genuine goodwill, i.e. the will for the good of all, to enter our individual as well as group counsels, so that we solve this and other such problems amicably to the abiding good—the just and fair good—of our future generations.

The responsibility for such an ethical change of heart lies with the stronger groups amongst us and not with the weaker ones.

As an initiative for ushering in a mental approach of peace and goodwill among ourselves and for setting the fires of jealousy, mistrust and suspicion at rest, let us solve this problem of languages in an Islamic way—a wise, unselfish, responsible and above all a principled way. Mere proclamation and issuance from time to time of summary pronouncements in this matter will not do.

In this regard, which we hold to be of paramount importance for the future of Pakistani people, we the undersigned writers, poets, artists, teachers, students and members of general intelligentsia of the province of Sind most solemnly ask for appointment of an All-Pakistan Language Commission with equal representation of the main linguistic interests on it to inquire into the problem of languages in Pakistan and prepare a comprehensive report thereon for implementation.

Should this appear as too big a desire on our part, we ask for immediate appointment of a Sindhi Language Authority for facilitating enforcement of the provisions and for carrying out the purposes of Sind Act No.2 of 1972, which was enacted by the Provincial legislature of Sind for the teaching, promotion and the use of Sindhi as provincial language in addition to the national language in accordance with the Constitution of the Islamic Republic of Pakistan.

We call upon the Government of Sind to live up to their responsibilities in this regard and take necessary measures—financial, administrative and executive—for the successful implementation of the Language Act of 1972 referred to above and thereby win our sincere gratitude and indebtedness of our generations to come.

LAWS BY FEDERAL COUNCIL TERMED 'BOGUS'

Lahore VIEWPOINT in English 4 Mar 82 p 24

[Text]

APP has reported that the so-called standing committee of the Federal Council on Law and Parliamentary Affairs held three sessions in Islamabad on February 25, and that the Standing Committee give final shape to the drafts and reports of laws to be submitted to the Federal Council. The Federal Minister, Mr. Sharifuddin Pirzada, (reportedly) presided over the sessions.

The report gives the impression that with the next session the Federal Council would start acting as a 'legislation-making' body as well. The Federal Council is composed of nominated members. It is not an elected assembly. The exploitation of this institution as if it were an elected body for purposes of legislation would induct the principle of vanaspati (doctored) law in the world of law as well. That would be a great legal

scandal. . . . Unlike an elected parliament, nominated institutions have no constitutional or legal status, and the laws devised by them enjoy no respect or credibility. These laws are regarded as bogus laws and their enforcement has no sanction behind it.

In this perspective we regard the news as disturbing that the Federal Council is going to start making legislation with the next session. The country is already beset with numerous problems. Where is the need to raise this problem of making bogus laws? We would humbly request the President to confine the scope of the Federal Council to its role as his private advisory body . . . The President may have trust, in the bureaucracy's ability to judge (the Council members') geneologies, but people have no trust. . . JASARAT, Feb. 28.

000: 4220/430

CORDIAL RELATIONS WITH RUSSIA URGED

Lahore VIEWPOINT in English 4 Mar 82 p 34

[Text]

FORMER Foreign Minister Agha Shahi in an interview has said that the establishment of friendly relations with Russia is a compelling necessity for Pakistan . . .

..... As for the need to further relations with Russia, every right-thinking person in Pakistan was agreed with him. The present regime, too, has been expressing its interest in this connexion. . . .

..... We should ensure maximal expansion of bilateral relations with our northern neighbour on the basis of the principles of peaceful coexistence so that Pakistan may win Russia's cooperation in trade, economic and

industrial projects. Some time ago, the Russian Ambassador made a generous offer to assist Pakistan in various fields (including atomic energy). It still stands, and we believe the Government must have considered it thoroughly. It is not without interest that Sahibzada Yaqub Ali Khan, who takes over from Agha Shahi, once served as Ambassador in Russia and is well conversant with the Soviet point of view. We hope that, heeding his predecessor's advice, he will play a vital role in establishing cordial relations with Russia. —MAGHRABI PAKISTAN, Feb. 25.

CSO: 4220/430

BRIEFS

MINTO ELECTED BAR CHIEF--Abid Hassan Minto, who is also a member of the Pakistan Bar Council, was elected President of the Lahore High Court Bar Association in a closely contested election last Thursday. Mr. Minto won by a margin of 50 votes. Out of a total of about 1,650 votes nearly 1,200 were cast. Mr. Minto polled 453 votes while his closest rival, Mr. A. Karim Malik, secured 403. Rana Mohammad Sarwar, Mr. Muzaffar Qadir and Chaudhry Mohammad Ismail, who were the three other presidential candidates, got 223, 127 and 32 votes, respectively. Mr. Zaman Qureshi was elected Vice-President, Mr. Wasi Zafar Chaudhry was Secretary, and Mr. Afzal Wahla as Finance Secretary. The result proved that Mr. Minto was helped, apart from his known electability, by a strong realisation of the need for the Bar Association's effective participation in solving the current national crises. Mr. Minto, however, made it clear that the Bar Association was a purely professional body of lawyers who had united to restore the powers of the judiciary and solve their professional problems irrespective of their leanings to the Right and the Left. He regretted that three types of judicial systems and laws, viz, Martial Law, Shariat and common courts, were in operation and efforts were also underway to introduce Qazi courts, presided over by people with academic qualifications up to matriculation only. But the Bar Associations of the country would play their role in preserving the genuine judicial system and in the restoration of the Constitution of 1973. He demanded immediate release of all the political prisoners including lawyers. [Text] [Lahore VIEWPOINT in English 4 Mar 82 (4)]

DR ASLAM NARU--Dr. Aslam Naru, a member of the Central Committee of the United Pakistan People's Party and ex-Senator, has been transferred from Faisalabad Jail to Rahimyar Khan Central Jail. Mr. Naru was arrested in June 1981 and after being kept in Lahore Fort for ten months, he was transferred to Faisalabad Jail in January. [Text] [Lahore VIEWPOINT in English 4 Mar 82 p 13]

MAGAZINE SEIZED--The NWFP Government has forfeited all copies of the magazine **THE STAR** (Vol VI, issue No. 4, Nov-Dec 1981), issued by the Baluch Students Organisation (BSO). [Text] [Lahore VIEWPOINT in English 4 Mar 82 p 14]

PHILIPPINES

BACKGROUND TO VIRATA APPOINTMENT VIEWED

OW180511 Hong Kong AFP in English 0411 GMT 18 Mar 82

[Report by Teodoro Benigno]

[Text] Manila, 18 Mar (AFP)--President Ferdinand Marcos has just appointed Prime Minister Cesar Virata "first among equals" in a deft political move that has scrambled leadership patterns in the Philippines.

The move was President Marcos' decision Tuesday to scrap a rotation program that would have enabled members of a seven-man executive committee to alternately take a crack at the premiership.

Among the seven is Philippine first lady Imelda Marcos, concurrently metro Manila governor and human settlements minister, who Monday told the foreign press she would "step down when President Marcos steps down."

In the late 1970's, Mrs Marcos was a red-hot favorite to succeed her husband whose political philosophy she claimed she understood best, and would therefore have to carry it out for a transition period in case of his death or incapacity.

Also among the seven is Defense Minister Juan Ponce Enrile, who could have scaled the heights of political power in the near future had President Marcos not decided to keep Mr Virata, 52, securely in his post.

Earlier, political observers were freely speculating that two powerful rival factions respectively headed by Mrs Marcos and Mr Enrile were digging in for a leadership grab in the event Mr Marcos stepped down or was incapacitated.

While Mr Virata's secure status as prime minister does not necessarily rule out a power grab by other factions, which would include the military, his political stature could make him acceptable to everybody.

Head of the seven-man executive committee, Mr Virata also has the authority of commanding the reins of power in case of presidential disability until the committee stages national elections to elect a presidential successor within 60 days.

What is certain, is that President Marcos, 64, now into his 17th year as chief of state, has decided to offload a substantial number of his official burdens and responsibilities on Mr Virata, the financial wizard of his technocrat-studded cabinet.

What also appears certain is that Mr Marcos has started to mould the political clay of a post-Marcos era. Likewise, the secure status of Mr Virata as prime minister was intended to ward off a bitter scramble for power.

Less certain, is what would happen if Prime Minister Virata who "is at his best grappling with an economic situation," in the words of Mr Marcos, fails to steer the Philippines out of its mounting economic difficulties.

Some political experts here even go so far as to indicate that master political strategist, President Marcos, purposely secured Prime Minister Virata in his position so the latter would shoulder the responsibility in case the economy should worsen in the years ahead.

The unsmiling, short-cropped, staccato-voiced Mr Virata is certainly the man for the job of getting at the guts of what's wrong with the country economically, observers said.

Not a shred of official wrong-doing or scandal can be linked to his name in a country where quite a number of people in high places have become immensely rich reportedly through dubious means.

Another Virata asset is that he has absolutely no political ambition, remains completely loyal to President Marcos and would never be caught saying anything nasty or offensive about anybody.

Front-page photos in Manila's metropolitan dailies lately, have depicted a hitherto unknown Virata getting down to provincial grass-roots and engaging villagers in a dialogue about their social and economic problems.

Mr Virata is certainly a paradox in this country of 50 million Filipinos where political power has traditionally been wielded by power-seeking politicians.

What is probably even more a paradox is that Mr Virata has been snubbed into his present job by this country's top power politician, the president.

BRIEFS

ELECTION MOVES--Mrs Marcos has said she felt that Barangay elections by consensus would have distinct advantages over secret balloting. In a talk with foreign newsmen at the Manila Hotel, she said consensus voting would unify the electorate. In contrast, she said, secret balloting would make the Barangay polls too expensive, too time-consuming and too divisive. The first lady however clarified that she was expressing her own personal view and not that of President Marcos nor of the KBL. On other issues, the first lady stressed anew her opposition to divorce as an eroding force in Philippine values on family life. She also said that her stay in the government would end when President Marcos steps down from office, but she said she would be more than willing to serve the government in a private capacity when that comes. On the coming state visit of President Marcos to Saudi Arabia, Madam Marcos ruled out any meetings between the president and oppositionists like former senator Benigno Aquino. She said there was no plan too for any conference with MNLF exiled leader Nur Misuari. The first lady instead expects the Saudi visit to discuss the Tripoli agreement she negotiated with Libyan leader Mu'ammur al-Qadhafi in 1977. She said she hoped a clearer understanding of the Tripoli agreement will emerge during the state visit. [Text] [HK160115 Manila Domestic Service in English 2300 GMT 15 Mar 82]

COMMUNIST PARTY PROSPECTS--President Marcos yesterday clarified his statement regarding the Communist Party of the Philippines (CPP). He said that while the party is no longer outlawed, it would probably take some time before it could develop into a political force. The president told newsmen that like any other party seeking political power through peaceful means, the CPP would have to go through the routine of organizing and running in nationwide elections and capturing a certain percentage of the votes before it could be accredited as a political party. The chief executive pointed out that under existing laws, a political party would have to secure at least 10 percent of the votes in a national election before it could be accredited by the Commission on Elections. He said that unless the law is amended, the CPP and all other groups will have to satisfy these basic requirements, and there is no indication right now that the House of Representatives, the Kilusang Bagong Lipunan, is ready to amend the law. [Text] [HH070116 Manila Far East Broadcasting Company in English 2330 GMT 15 Mar 82]

LOUSIAC CHARGES--Rebellion and insurrection charges were filed today against 42 persons accused of conspiring to overthrow the government. The charges were filed before the Manila city fiscal's office, and (Jose Barotilia) was there. (Barotilia recording) All of the 42 accused, among them former Senators Raul Manglapus, Benigno Aquino Jr and Jovita Salonga, were identified as members of various organizations established for the sole purpose of seizing political power through armed force and other illegal means. However, only five of them are in detention, with the rest still at large. Of the five, (Jake Almado Lopez), a close supporter of (Eugenio Lopez Jr), was present at this morning's hearing at the office of Vice Mayor (James Barbers). According to (Chago) Chief (Hamilton Dimaya), the accused tried several times to overthrow the government. The city fiscal meanwhile gave the accused 15 days within which to answer the charges filed against them. (end recording) (Excerpt) (OW11123) Quezon City RPN Television Network in English 1100 GMT 11 Mar 82

MNLF TERRORISTS SURRENDER--Fourteen foreign-trained MNLF terrorists surrendered yesterday to the ninth PC (Philippine Constabulary) regional commander, Brig-Gen (Sieno Bueno) Jr, in Zamboanga City. Commander (Isiao Istal), who headed the surrenderees, said they are tired of fighting the government and would like to assimilate themselves into the national lifestream. Military authorities said the surrenderees were all trained in Sabah, Malaysia. Their return to the fold of the law was negotiated by Captain (Domineus Bahival) and Lieutenant (Amil Bastil) in Basilan. (Text) (BR170047 Manila Far East Broadcasting Company in English 1130 GMT 10 Mar 82)

(S) 1220/438

THAILAND

'SIAM MAIL': THAI, ASEAN INTEREST ON KAMPUCHEA NOT IDENTICAL

Extract SIAM MAIL in Thai 13 Feb 82 p 5

(English: "The Problem of the Tripartite Khmer United Front")

Thailand's attempt to bring about a meeting between the three Khmer factions that oppose Vietnam, the three being the Son Sann group, the Khmer Rouge and the Sihanouk group, in order to make progress toward the goal of a withdrawal of Vietnamese troops and the creation of a zone of peace in this region, and initiatives allowing the Kampuchean people the freedom to choose their own system of government, received widespread support at a conference of the United Nations General Assembly.

But this attempt failed because, in the end, the Khmer Rouge refused to accept Asean's proposals. This occurred after long negotiations had been carried out between representatives from the Son Sann, Khmer Rouge and Sihanouk groups.

One important reason why the three groups were unable to cooperate with each other was that each group held strictly to its own position and this prevented them from forming a "loose coalition."

As regards some of the conflicts in these negotiations, it can be seen that the group that played the most prominent role and that gained the most from the negotiations was the Khmer Seri group of Mr Son Sann, a group that operates along the Thai border. The role of Mr Son Sann was given a boost toward the end, especially by Singapore's attempt to push this right-wing group into playing a role in this situation.

If we compare the strength of (the forces) that are opposing Vietnam in Kampuchea and that are opposing this violation of (Kampuchea's) sovereignty by Vietnam, it is the Khmer Rouge forces of Khieu Samphan and Pol Pot that are the strongest. As for the activities of the Khmer Seri, it can be said that their strength in the resistance is very weak. Besides the formation of forces and an organization is weak and the discipline is poor. This has resulted in frequent problems along the border. There have been clashes between Khmer Seri and Khmer Rouge forces and between Khmer Seri and Khmer Rouge forces.

Concerning this attempt by Asean, it was Singapore that was the spearhead in pushing this matter forward. It made a great effort to push the inefficient right-wing forces of the Khmer Seri into a position in the formation of a united front. Such an attitude as this makes it worth considering whether or not some of the interests behind this policy of uniting the three Khmer groups are being concealed.

As for the important goals behind [the attempt] to establish a united front, it was desired to establish peace in Kampuchea, oppose Vietnam's violation of Kampuchea's sovereignty and allow the people of Kampuchea to have freedom in choosing their form of government next time. The aim was not to push forward a group whose policies were in line with Asean's and have it serve as a buffer or to effect a revolution in Kampuchea in order to reduce the role of the Communists by relying on the situation in which the Khmer Rouge made its great mistake.

Malaysia too has tried to take on the role of a supporter to help expel Vietnam from Kampuchea. Its attitude that the Khmer Rouge should agree to participate in a tripartite united front under the leadership of the Khmer Seri shows that the Asean countries are overly afraid of socialist countries and that they are not willing to accept the reality of what has happened right in front of all of them.

As for Thailand, it is considered to be in the forward position that faces the greatest danger from the threat along the border, a threat stemming from the war in Kampuchea. Thus, of all the Asean countries, it is Thailand that is faced with the greatest problem in making decisions about this matter. Still, the important position that Thailand must now hold to as its most important position is not the same as that of Malaysia and Singapore. Thailand should stick to its position of allowing the Kampuchean people to make a choice freely. It should not get involved or try to influence the decisions of the various forces just because it hopes for future political gains.

Under this, Thailand must show great restraint in solving these problems that have arisen. This is because, besides the fact that the problems in Kampuchea affect Thailand, the unity of Asean is an extremely important thing that Thailand must help preserve in the present situation.

(End)

4/17/76

THAILAND

NEWSPAPERS ASKED TO SUPPORT GOVERNMENT IN ANTI-SUA OPERATIONS

RUSSIAN NATION in Thai 5 Feb 82 PP 1, 12

APR 1982 "Newspapers Cautioned to Print Stories That Support the Government"

THAILAND 4 February. The Documents and Publications Division and the Special Security Division invited the editors of various newspapers to come and meet with them in order to ask for their cooperation in printing stories concerning the government's suppression of Khun Sa's drug center. A document was read to them and they were asked to sign their names to acknowledge that they had agreed.

The content of the document stated that "we therefore ask for cooperation from all newspapers. It is requested that the news be reported in accord with the facts presented by the government and that caution be exercised in printing such stories. The stories should not be overdone or oversensationalized. The newspapers have already been informed about this. They have guaranteed that they will cooperate well with government officials in all respects and will print their names to this effect."

Previously, this invitation to the newspaper editors came after General Prem Tinsulanonda, the Thai minister of interior told reporters on 3 February that he would not print stories to the effect that the government had admitted operating the forces of Khun Sa.

It is noted that this invitation came after the fighting between the government and Khun Sa had subsided and negotiations had started in order to end the violence after the clash that started on 21 January.

THAILAND

GEN HAN; CPT GAINS POLITICALLY IN SOUTH

Bangkok MATICHON in Thai 6 Feb 82 pp 1, 12

[Article: "The Commanding General of the Fourth Army Area Has Announced That the Volunteer Defense Corps Will Be Dissolved; He Said That These People Are Hated By Society"]

[Text] The commanding general of the Fourth Army Area has forbidden the Volunteer Defense Corps (VDC) from taking part in preserving the peace, stating tht they are tools of the merchants and capitalists and that society does not want them. A list of all the bandit groups will be made and they will be suppressed.

Bestween 0930 and 1230 hours on 5 February, Lieutenant General Han Linanon, the commanding general of the Fourth Army Area, attended a conference of government officials at the Surat Thani provincial civil administration headquarters building in order to explain how things are being conducted in accord with the "umbrella of tranquility" [tai rom yen] policy.

Lieutenant General Han stated in summary that the lack of peace in the south stems from the fact that merchants, capitalists and government officials who consider only their own personal interests have joined together in "scooping up" the natural resources. This has led to the formation of dictatorial powers, dark influences and dark powers which have covered the landscape and resulted in the people having problems and becoming poorer.

"As for the economy being good in the south, it is good for only one group; it is not good for the majority of the people. The merchants and capitalists have taken possession of thousands of rai of land and seized the mines and will not given them back. These are the things that have made things unsafe for the people and their property and they are factors [that have led to] the poeple's war. The Fourth Army Area will quickly take action to eliminate these factors," said Lieutenant General Han. Concerning the terrorist situation, he said that the government is on the offensive militarily but that it is on the defensive politically. Thus, a "politics leads the military" policy must be implemented in order to defeat the Communist Party of Thailand.

Lieutenant General Han said that in carrying out things in accord with the "umbrella of tranquility" policy, the influential people in some localities have been eliminated and bandits have been suppressed and this has improved things in general. But whether complete success is achieved or not depends on whether the operations-level officials work together closely with the people.

Lieutenant General Han also said that in accord with an order of the Fourth Army Area that has ordered each province to establish a joint civilian-police-military peace-keeping unit, in Surat Thani at present, the commander of Civilian-Police-Military Unit 42 is in charge of this unit. But the provincial governor will shortly be made responsible for it instead. And using the VDC in preserving the peace will not be permitted. Only the military and the police will be used for this. The reason for this is that society does not want the VDC. The members of the VDC work for the merchants and capitalists. When they have weapons, they use the opportunity to rob people. Besides this, a list of the various bandit groups in all the provinces will be made and suppression operations will be carried on resolutely.

11943

CSO: 4207/59

GOVERNMENT LOSING TECHNOCRATS TO PRIVATE SECTOR

Islamabad THE MUSLIM in English 20 Feb 82 p 5

[Article by Wirasak Salayakanond]

[Text] BANGKOK: Thailand's state universities, banks and hospitals are losing scores of their top experts to the private sector and foreign institutions.

"The top calibre people are fleeing in mounting numbers to the private sector both here and abroad in search of higher wages and better professional and economic opportunities", said Dr. Montri Chenvidyakarn, president of the Lecturers' Council of Thammasat University.

He added: "The long-term consequences of this continuing exodus from state institutions could be crippling".

Dr. Montri said that only recently several high-ranking officials of the Bank of Thailand, the National Institute of Development Administration and some universities quit their government posts to take up higher-paying jobs in private banks and other business firms.

Hardest-hit by the "brain drain" are state-run universities and other educational institutions. At least 1,500 top-calibre lecturers have left their jobs during the last five years.

The main reasons for leaving were low salaries, lack of opportunities for professional advancement and lack of academic freedom.

During the past five years, 270 faculty members of the Mahidol University left their jobs, while Chulalongkorn University lost 260 top educators from its engineering, architecture and medical departments. The King Mongkut Institute of Technology has also lost 192 of its professors during the past five years; Chiang Mai, 157; Khon Kaen, 114 Songkla, 105.

No firm statistics are available on the number of "disgruntled officials" leaving the government service, but Dr. Montri said the number could easily reach 1,000 a year.

Dr. Prawase Wasi, a 1981 Magsaysay awardee, said that between 1,200 and 1,600 Thai doctors are now working in the United States. Some of these doctors studied abroad, mostly in the U.S. as government scholars. After a short stint in the country upon finishing their foreign studies, they left the Government to seek employment abroad.

Many have agreed to pay fines of 100,000 to 300,000 baht (\$ 4,348 to \$13,044) as payment for government scholarships. Dr. Prawase said that Thai doctors now working in U.S. hospitals represent about 15 to 20 per cent of the total number of physicians who graduated from Thai schools.

Those who remain are only waiting for their commitment to the Government to expire before leaving. Under Thai laws, student extended government scholarships must serve a certain period in the bureaucracy before they can be allowed to seek employment elsewhere.

But of government scholars simply don't wait until their commitment with the Government runs out. They buy out their contracts, assured that they will recover their investment in two or three years.

A Thai doctor, who visited the country, said that physicians in the U.S. with two or three years experience would easily earn \$50,000 a year. In Thailand, a physician with

similar experience only earn about \$250 to \$300 a month.

Said Dr. Boonlert Supatilok, dean of the Faculty of Journalism of Thammasat University: "Obviously, money is the most important reason for the exodus to foreign countries".

He said that he himself once thought of resigning his job to look for a better-paying position abroad. "But I still owe the university a large sum in scholarship fund. Besides, I love teaching and I feel that we need more lecturers in journalism".

But patriotic fervour is not a pervasive feeling among the economically hard-pressed Thai intellectuals. Many deplore the intellectual stagnation they are experiencing by sticking it out with the bureaucracy.

Dr. Olarn Chaipravat, for instance, quit his position as chief of the supervision and inspection of finance and security institute division of the Bank of Thailand because he wanted to gain wider experience which he can find only in the private sector.

Dr. Olarn is now working for the Siam Commercial Bank. His salary is more than thrice his salary at the Bank of Thailand.

Dr. Olarn was considered as a "rising star" at the Bank of Thailand, but he had serious disagreements with the policies of Nukul Prachuabmon, the bank governor, so he decided to quit.

Besides Dr. Olarn, the Bank of Thailand has also lost the services of another capable officials.

Seri Jintanaseri, the bank's deputy chief of its legal division. Mr. Seri also resigned from the bank over dissatisfaction with internal policies; he now holds a high-paying position in the Ital Thai Company Ltd.

Private banks have on-going scholarship programmes of their own. Some have sent their employees to foreign schools to pursue their studies, but so far their scholarship programmes are good only up to the master's degree level.

To fill vacancies in highly technical positions, Thai private banks are pirating top talents with doctorate degrees from government institutions like the Bank of Thailand and the universities. "We get the people we need faster and cheaper this way", a private bank official said.

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MPS EASY PREY FOR CORRUPTION, FRAUD

Bangkok MATICHON in Thai 7 Feb 82 pp 13-16

["Special Report" column: "The Price of MPs: Salaries Too Low or Innately Bad?"]

[Text] "I switch parties frequently because I want to find the best party," Mr Koson Waengwan, MP from Roi-et, who was at one time in the National [Chattai] Party, later in the United Mass Line [Naew Mahachon] Party, and is now in the Democratic Nation [Chat Prachathipatai] Party, told MATICHON.

"It's common," he continued. "Sometimes it's a matter of personal well-being, but not to the point of selling yourself to the highest bidder of 'being hit on the head with money'." Mr Warin Siyaem, MP from Ubonratchathani, who first left the Democrat [Prachathipat] Party to join the Peace and Justice [Santhitham] Party, said in an interview, "I haven't changed face; I've just found something better."

Not long after he joined the Peace and Party, when Mr Chaisiri Ruangkanhanaset or "Siatanghua" got ready to organize the People's [Pracharat] Party, Mr Warin, who was formerly a journalist who wrote under the name "The Third Power," was among the core leaders of the People's Party.

"Thailand's MPs at present are like the women around Phatphong," Admiral Sangat Chaloyu expressed his view not long before he passed away.

Although this is a rather strong accusation, the conduct of a number of MPs invites one to believe that this is truly the case.

MPs "Sell Themselves" Like Unborn Cattle

"Representatives selling themselves is something that has been around for a long time," Mr Thiam Chaiyanan, MP from Tak, Democrat Party, said. "As far back as I can remember, to around 1949, usually when representatives of the people switched parties they were accused of selling themselves."

The fact of politicians switching parties would not be strange if it were done as a matter of principle and a sense of what is right. Winston Churchill, the British statesman, at one time switched parties. In Thai political circles,

if one's switching of parties were like Mr Sawet Piemphongsan from the Social Agriculture [Kaset Sangkhom] Party joining the Democrat Party, there would be no accusation of selling oneself whatsoever.

But since his time, because of the establishing of new parties, because of the dependence on quotas of MPs as a vehicle to bargain for government positions, news of MPs "selling themselves" is heard more often.

When Mr Wathana Atsawahem and Maj Gen Sutsai Hatsadin established the United Mass Line Party, the newspaper NAEWNA reported that there was bidding to buy MPs at not less than 100,000 baht per person. Similarly, when Mr Chaisiri Ruangkanchnaset announced the establishment of the People's Party, the newspaper DAO SIAM reported that any MP who joined would get immediate compensation of 300,000 baht.

When Col Phon Roengprasoetwit established the Siam Democratic [Siam Prachathipatai] Party, Mr Khukri Pramot compared it to "driving cattle into a corral."

And as soon as Gen Kriangsak Chamanan made it known that he would establish a political party, Mr Seni Pramot, senior member of the Democrat Party, guessed right away that, "I'd like to see who are in the group of lords without shrines, but I can guarantee that there won't be any Democrats joining."

The Chickens Go in the Coop, The Cows Go in the Corral

"If we cut temporary provisions out of the constitution, it would be like the sun falling to earth," Mr Koson Waengwan, "party switcher" on a par with Mr Siri Thungthong, said. "Chickens go in the coop, and cows go in the corral, because they know where their coop or corral is. Likewise, representatives must belong to some political party or other."

"Transferring parties is a matter for humans, not buffalo. How do you drive them into a corral?" Mr Koson Krairuk, MP from Phitsanulok, Social Action [Kit Sangkhom] Party, said as if conferring on MPs the honor of being human.

A point which merits special consideration in Thai politics during the era of "semi" democracy is that splitting and setting up new political parties is not done with principles of democracy in mind; rather it is done in order to bargain for positions in ministries.

The Peace and Justice Party, Mr Anan Buranawanit, MP from Saraburi, claims, has enrolled 23 people from various parties. The goal was to use the party and the MPs to bargain for ministerial positions in the government of Gen Kriangsak Chamanan.

The principle concern of the Siam Democratic Party of Gen Phon Roengprasoetwit, established at the end of 1979, was to negotiate to join the government, but after gaining positions the Siam Democratic Party itself joined with the opposition parties and certain members of the Upper House to overthrow the Kriangsak government, and then laid out the carpet and invited Gen Prem Tinsulanon, riding his white horse, to assume the position of prime minister.

The United Mass Line Party and the United [Saha] Party were born out of the Social Action Party. This could be seen when Maj Gen Sutsai Hatsadin and Gen Prachuap Suntharangkun became minister and deputy minister after which the United Mass Line Party disintegrated and the United Party slowly disappeared.

The numbers of MPs in a party can grow and shrink, with no certainty.

The Process of "Driving Cattle" Is Mysterious But Not Complicated

An MP from the northeast told MATICHON that between late 1980 and early 1981 the organizer of one important political party told him secretly: "I want to become a minister. I want to use your name to bargain." He said okay.

In the cabinet adjustments of the Prem 2 government, not only was that person not named; moreover when he fell off the ladder he had to jump and then continue fighting. There was the matter of issuing a check and making a loan agreement.

Campaign expenses are another cause of MPs yielding to such temptations.

Mr Sukhum Nuansakun, Dean of the Faculty of Political Science at Ramkhamhaeng University, has calculated that on the average in an election campaign an MP has to spend no less than 200,000 baht.

For such great amounts of money candidates must depend on the party's backers and the party. Party administrators give money to support a candidate's bid for election, having the party member sign a loan agreement which ties him to the party. Anyone who subsequently insists on switching parties may be sued.

Charges of "Breach of Loan Agreement" Slit the Chicken's Throat and Let the Monkey Watch

Last November, 1981, Mr Chai Sisongwonkun, merchant, the plaintiff, brought suit against three members of the Lower House in civil court for "breach of a loan agreement."

The first defendant was Mr Wisit Piphatharakranon, MP from Surin, legal case number 15716 involving 115,000 baht.

The next was Mr Prachan Klaphachan, MP from Nakhonratchsima, legal case number 15717 involving 174,375 baht.

The third person was Mr Khondet Mansikiao, MP Phitsanulok, legal case number 15718 involving 115,000 baht.

In support of his charges Mr Chai Sisongwonkun was able to show as evidence the loan agreements between the plaintiff and the defendants which he had kept. But there were no witness signatures.

The "Fish" Is Not Caught with the Bait, Rather, the "Fish" Breaks the Hook

Mr Khondet Mansikiao, who was formerly in the United Mass Line Party but now belongs to the People's Party, told MATICHON:

"I am not willing to pay back the money because I believe it is not a lawful debt. It is a debt which is harmful to the democratic system and the peace and happiness of the people."

He continued: "I am a representative from the countryside. I had only heard the news that there is bribe-taking among representatives in Parliament, so I took a risk in order to find as much proof as possible. In the end I found that there are people who want to become ministers by a short-cut, who use the method of getting members for their parties by lending them money. I therefore used the technique of the fish that breaks the hook, eating the bait and then breaking the hook and throwing it away."

"How can he bring charges against me? It's like when a candidate for election gives money to villagers to vote for him, and then after accepting the money the villagers vote for another candidate." Mr Khondet went on, "The truth is, if he brings charges, he should bring charges against all 30 people who joined the United Mass Line Party, and not single out myself and two others, because they also signed loan agreements."

Why is it that the other 27 "fish" who joined the United Mass Line Party were not charged? Perhaps because the other "fish," after grabbing the bait, were willing to stay on the hook.

"At present the United Mass Line Party has been dissolved," one MP had these thought-provoking remarks. "The representatives from the party almost all were involved in setting up the Democratic Nation Party, but the three who were charged joined other parties."

Political Party Regulations--The Solution to the Problem

"If we establish a system of political parties that is solid and stable, these problems would disappear by themselves," Mr Thiam Chaiyana, "grandad of Parliament," of the Democrat Party, expressed his wishes.

Strict political party regulations concerning the switching of parties may be one thing that would help.

But one other important thing is, as long as MPs have as their ideals in joining a party "money" or personal advantage, these things will continue to occur, because the important people in all of the parties don't see any harm in it.

Mr Anuwat Wathanaphongsiri, deputy secretary of the Thai Nation Party, once said of the rumors of party MPs joining the United Mass Line Party:

"Some party members have said after we register our marriage we go looking for prostitutes, anyone anywhere, so long as we don't bring back any diseases."

After marriage, it is as if the Thai Nation Party is the principal wife. We are satisfied with this. Our members display the sporting spirit."

Mr Banhan Sinlapacha, Party Secretary, says: "Some MPs are willing to admit receiving money from other sources, which is not harmful to the reputation of the Thai Nation Party because usually these are invitations to dine, and the acceptance of money does not commit one in any way whatsoever."

The Money Is Not Far Away; The MP with Quick Hands Will Get It

Aside from leaving one party for another, there are various other opportunities open to MPs.

One is to author a parliamentary bill. In this method the person who gives money is usually in the government. Before giving money, the government usually sounds things out to see how great a chance the bill has of defeat. If it is known that support is small, the contacts and coordinating of activities begins.

One old-generation politician told MATICHON that first the contracts and activities are done either by telephone or sometimes by a visit to one's home, and then sometimes there are negotiations just before the bill comes up for a decision.

Another way is an order to withdraw a bill or a motion. An MP who is "sharp" usually can see when the government is in trouble, and when an opportunity arises he will immediately offer himself.

Another way is to become a go-between for companies or businesses that seek benefits. MPs can use their positions to make money, for example by taking a matter to a commission to be drawn up, then submitting it to the government, while at the same time contacting officials in inner circles himself. When the work is complete he is compensated.

The more MPs need money for election campaigns, the more they will seek opportunities to "raise money."

MPs "Sell Themselves"; Picture of Political Underdevelopment

Political parties have been in existence in our parliamentary system since 1946. Some of our MPs have been in a single party ever since, for example "grandad" Thiam Chaiyanan, and gentlemen of politics like Mr Sawat Piemphongsan, Mr Chuan Likphai, and Mr Banyat Banthaththan. Few doubt the honesty of these people.

At the same time, the Thai parliamentary system also has many "rising stars." Among these we have people who switch parties frenetically like Mr Siri Thungthong; we have MPs who are involved in scandals like Mr Somsuan Sinok; we have the "rich lord" type with many millions, like MP Gen Kriangsak Chamanan and MP Tawit Klinprathum; and we have MPs of the "godfather" type like Mr Chaisiri Ruangkanhaset.

Over the fifty years of the Thai parliamentary system it may be said that the road has been bumpy. There has not yet been an elected government able to complete its term. Experts Like Dr Somchai Rakwichit conclude that of the 50 years since the change in government there have been only five years in which the nation had had the color of democracy. During the remaining 45 years the government has been a dictatorship.

Because of this the democratic system has developed irregularly, both in the area of political parties and the quality of politicians.

An important reason that democracy has developed irregularly is because our military warlords have very little patience. They depend on political confusion to destroy and castrate democracy through coups d'etat. A further reason is the conduct of some MPs themselves, who are agents or bridges for ambitious military warlords to use as an excuse for coming in and taking power and destroying the democratic system.

When the role of MPs has reached this state we should all consider what can be done so that MPs become instrumental in protecting and improving the democratic system rather than being agents of self-destruction.

As long as MPs remain "cattle," to whom can the people entrust their hopes?

Groups and Parties from 1979 to 1982: They Can Grow and Shrink

When MATICHON assigned Bunloet Changyai, a reporter assigned to parliament, to give a breakdown of the MPs and their parties at present, he disappeared from the office for two days and submitted this report:

"Among the 301 MPs in the entire parliament, we have to say that it is exceedingly difficult to give a correct indication of the number of MPs in each party and group. Even the political parties and groups themselves are unable to say, because of the continual leaving and switching of parties."

Not only Bunloet Changyai, but Col Sa-nguan Khamwongsa, one-time parliamentary secretary, as well complained tiredly that, "Parliament is unable to tell which political party or group each MP belongs to because of continuous switching."

In mid 1980 Mr Buntheng Thongsawat, chairman of the Lower House, asked all MPs to declare their group affiliations. It appears that only 193 people did so; the other 108 were unwilling to give an affiliation.

From 1979 to Early 1981

The article "Political Directions, 1982" by journalist for SIAM RAT, Suraphan Wilawan in the newspaper SIAM RAT of 4 January, 1982, stated that after the elections of April 1979, MPs elected from the various parties were as follows:

Social Action, 83 people; Thai Nation, 44 people; Democrat, 33 people, Thai People's [Prachakon Thai], 32 people; Freedom and Justice [Seritam], 23 people;

National People's [Chat Prachachon], 14 people; Social Agriculture, 8 people; New Force [Phlang Mai], 8; United Thai [Ruam Thai], 5; Democratic Action [Kit Prachathipatai], 3; Siam Reform [Siam Patirup], 2; Social Justice [Tam Sangkom], 2; independent, 44 people.

From 1979 to 1980 and 1981 there was continual change. During 1979 the Peace and Justice and Democratic Siam parties were born; in 1980 the United Mass Line and United parties were born. In March 1981 the editorial staff of SU ANAKHOT made the following attempt at classifying MPs by group:

Social Action, 75 people; United Party, 52 people; Thai Nation, 36 people; Thai People's, 32 people; United Mass Line, 31; Democratic, 30; United Thai, 10; Social Agriculture, 8; Kriangsak supporters, 7; New Force, 6; National People's, 5; independents, 9.

The United Party is comprised of the Siam Democratic Party, 30 people; the Freedom and Justice, 11 people; and independent groups under the leadership of Prem Malakum and Phinit Chansurin, 11 people.

The United Mass Line Party, after 3 people met with the Thai Nation Party, went from 34 to 31 people.

The magazine SU ANAKHOT commented that, "The number of MPs in a party can change because MPs are always switching."

The Latest Grouping of MPs of the "Semi" Era

Bunloet Changyai reported that as far as he could assess things from recent claims of party administrators and the observations of journalists, the number of MPs in the various political parties can be divided as follows:

Social Action, 65 people; Democratic Nation, 40-plus people; Thai Nation, about 40 people; Democrat, 31 people; Thai People's, 32 people; People's, 30-plus people; Siam Democratic, 10-plus people; Social Agriculture, 8 people; Freedom and Justice, about 6 people; Narong Wongwan's group, 6-8 people; Thawi Kraikhup's group, 3 people; New Force, 2 people; independents, 20-30 people.

Of the United Thai Party which Police Maj Gen Sa-nga Kittikhachon heads and the Peace and Justice Party which Mr Anan Buranawanit heads, it seems that only the party heads remain.

The Democratic Action, Social Justice, National People's, and Siam Reform parties have disappeared like the United Party and the United Mass Line Party, which have mainly dissolved into the Democratic Nation Party.

No matter what one's view of Mr Samak Suntharawat, it is, in any case, worth noting that the Thai People's Party had been able to hold on tight to 32 members.

Salary of 18,000 Baht Is Too Low

The news of MPs selling themselves, the selling of airplane tickets, train tickets, and bus tickets...swindling money from villagers, going to all lengths to get various position, these are among the scandals which are taking place almost all the time.

"Is it that salaries are too low, or what?" some people may wonder.

Let's examine the incomes of MPs during the "semi" democratic era.

The guaranteed income of an MP is a salary of 18,000 baht per month, of which he pays about 2,000 baht in taxes, leaving a net income of about 16,000 baht per month.

Some MPs, who are serving on commissions, receive an allowance of 100 baht per meeting.

Some MPs who are secretaries to ministers or have political positions on the staff of the prime minister's office, which are called "spittoon-emptying" positions, have an additional monthly income of no less than 10,000 baht.

Some MPs are able to earn more as "go-betweens," like businessmen making contacts to get government contracts. Because of this kind of practice, some MPs try to get on any commission they can.

Some MPs may represent investors or foreigners doing business or conducting certain types of projects, like when Mr Anan Buranawanit left the Social Action Party to set up the Peace and Justice Party, some MPs from the Social Action party spread the rumor that Mr Anan and his group were receiving money from investors from Taiwan and Hong Kong to set up gambling casinos.

Income from two or three such things can add up to tens of thousands or even hundreds of thousands or millions. Don't ask for evidence. We have seen the example of Mr Khondet Mansikiao, who "kicked" his creditor and disclosed that that creditor was trying to get him to push a project of his through and had offered him money if he succeeded.

MATICHON questioned many MPs, and they all answered that their salaries were not enough to pay their expenses.

They said that besides normal expenditures, they also had to spend money on social functions in their capacities as MPs, such as charity work consisting of ordaining priests, marriage ceremonies, the Kathin and Phapa religious festivals, funerals, school athletic competitions, and car expenses and entertainment expenses when constituents come to visit.

month salary of 18,000 baht is compared with my expenses, I end up in the red," Mr Yat Waidi, MP age 70 from Surin Province said, as if asking for sympathy.

"Many times when constituents or the villagers from Surin come to see me, I sign for the food I serve them. I pay for it later because I don't have enough money on hand," Mr Yat said openheartedly.

"Representatives today are in bad shape. They are not as fortunate as they seem to be," Mr Yat complained as he told MATICHON that the way he is able to support himself at present is by selling old things.

Hearing this makes one sympathetic. But are all MPs like this...?

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BOONCHU DISCUSSES ECONOMIC PROBLEMS

Bangkok THE NATION REVIEW in English 10 Mar 82 p 5

[Article by Boonchu Rojanastien]

[Text]

THE MAJORITY OF THE THAI POPULATION is still very poor due largely to their low income. Despite production increases at satisfactory rates, only a very small portion of Thais can enjoy luxury and comfort – comparable to the privileged in various rich nations. They represent only a small handful of people, usually living in the large urban areas – who benefit from economic growth because it is within their grasp to do so. The remaining 90 per cent of the total population receive very little profit from economic growth and the high cost of living which automatically follows in succession usually hits the poor the hardest. Soaring daily expenditures contribute to the poverty which prevails throughout the country, and this is why the economic status of 40 million Thais is so pathetically low. Such critical financial hardships can bring about many undesirable effects which eventually lead to insecurity and turmoil.

The government, which is the nation's highest executive body, has the responsibility of alleviating this alarming state of affairs. But unfortunately, it seems the efficiency as well as the stability of the government has always left something to be desired. As all of you are well aware, there has been either a change of government or a Cabinet reshuffle every 6 months to one year for the past decade. Efforts to solve economic crises have not been effective in convincing us that we still have a chance to attain financial success; that there is such a thing as a bright economic future. We see very little to encourage us to brave the obstacles before us with hope and optimism.

On the contrary, we witness hard times becoming increasingly harder while our heart grows heavy with apprehension and doubt. Even

at a time when we should be joyfully celebrating the 200th anniversary of the Chakri Dynasty and the Ratanakosin Bicentennial, our hearts and souls are not completely into it. This does not apply only to the general public but also to government employees as well.

Yes, we seem to be grouping, seeking to find a lucid answer, a solution as to how our country can acquire an efficient and competent government which will take the reins and steer us away from the present economic woes, and lead us on to prosperity and stability. This quest is being undertaken by people in all walks of life, but especially by those who are particularly interested in affairs of state such as academicians and students in every university. Discussions, lectures, debates as well as essays and articles

relevant to this issue have been presented on countless occasions and at various locations. However, whether it is because no agreement has yet been reached as to the most appropriate or effective solution, or whether because there is a lack of popular support, no definite and unified approach has been put into practice. Thus, the search continues and perhaps this is another such attempt to find the perfect answer. But I believe that the results will be similar to those of past endeavours.

First: the question of why Thailand's economy lacks stability, or to put it more directly: why the majority of our population is still very poor.

We all know that our country's main economic base stems from agriculture. The agricultural sector accounts for 80 per cent of the total population, but only 30 per cent of our gross national income comes from agricultural activities. The remaining 70 per cent is brought in by other sectors namely industry, trade and other services in which only 20 per cent of the total population are engaged.

This fact alone indicates that the agricultural sector is the most poverty-stricken group because the total number of those engaged in agricultural activities is high while they earn much less and income distribution leaves them with even less. Moreover, most farmers have to depend on seasonal rain which is unreliable and causes inconsistency in the quantity as well as the quality of their crops. Another disadvantage is the fluctuation of the price of agricultural produce. When seasonal rain is sufficient and the yield is plentiful, agricultural produce has to be sold at a lower price. On the other hand when there are droughts or floods, crops are damaged or sometimes destroyed. And although scarcity increases the price of the goods, farmers still earn little, if any profit.

Furthermore, whatever the weather the necessities and supplies used by the agricultural sector all cost money and are becoming more and more expensive everyday. This was especially evident at the time when oil prices increased up to tenfold. As a result, the expenditures of farmers sky-rocketed in such a way that their income from selling crops never even came close to being sufficient. As such, the financial state of the agricultural sector is constantly in the red with most

farmers being in debt up to their ears. When pressured by their creditors they have to mortgage their land and put up their farming equipment as collateral. Eventually, they lose their property and become tenant farmers or turn to whatever occupation they can find. As tenants, they are at an even greater disadvantage because they can never reap the full rewards of their toil and labour. Instead, they have to give the bulk of their harvest to their landlord even though they had to work the land. It is sad to say that farmers who are caught in such situations are growing more and more in number as time goes by.

Another fact well worth mentioning is that of the total 40 million people engaged in agriculture, approximately 45 per cent are under 15 years of age. These youths are just starting out and their demand for more work rises every year. When existing arable land is insufficient, they have to clear new land resulting in deforestation. Even though there has been considerable industrial growth during the past 20 years, it is not yet sufficient to provide employment for excess labour from the agricultural sector. This also applies to service type jobs.

Since there are many factors which impede the promotion of growth in this field of work advancement has been small and relatively slow — thus of little help in creating jobs for the new generation of the population which is entering the employment market. The unemployed are then left to the responsibility of their respective families. When household income is limited but the number of household members increases, poverty is inevitable.

While income distribution remains as it is and the majority of the population is barely earning enough for subsistence, it is natural that the ability to save is also diminished. This, in turn, results in low national savings. Therefore, national development in any and all areas to eliminate poverty which requires immense mobilization of capital has to depend chiefly on foreign loans. Foreign loans in themselves also present various problems and complications. For one, it is very difficult to get enough to meet actual needs which slows down development operations. Moreover, when interest rates are as high as they have been for the last 5-6

years, acquiring capital through foreign loans had to be slowed down. This is particularly necessary when inflation is soaring at its present rate because investments will automatically require more capital.

Also, any additional income from selling agricultural produce seems trifling compared to the costs of equipment needed for development projects which increase rapidly. That's why our trade deficit is getting worse each year. This does not apply only to capital used in rural development but also to that which is used in increasing military capabilities as well. Since our country is located in a sensitive area, we need a strong army to defend ourselves and our sovereignty from external aggression. We want to proceed with national development and we need a strong military defence system but we cannot afford to acquire those on our own income. Therefore we have to depend a great deal on foreign loans and our national debt has risen rapidly. The capital plus interest, the sum of which has to be taken from what we earn from exports, is alarmingly high and still increasing each year. Consequently our balance of payment is in deficit and our national reserves have decreased. The government development budget is now very limited while expenditure allocated to repaying the national debt multiplies.

The financial situation has been seriously affected especially since the abrupt devaluation of the baht. Both government agencies and state enterprises which owe money to foreign creditors have since been faced with the burden of having to pay higher capital and interest payments on their loans. Funds which would otherwise be used to alleviate economic setbacks have to be mobilized to repay debts. Many important and necessary plans have had to be aborted.

I believe that my brief presentation should be sufficient to explain why the majority of Thais are still poor and why we are struck with such a difficult and unstable economic climate.

Once we fully understand the cause of poverty among the majority of the population, it should be feasible to set practical measures which would promptly mitigate this state of poverty. The question being raised is why hasn't anyone

been able to solve this problem already, and who should be responsible for such a task.

Actually, careful consideration should also be given to finding the most appropriate and effective measures to solve this problem because if inappropriate methods are chosen it could accentuate the severity of the problem as is evident from our past experience during the last 20 years.

We have tried to promote economic advancement through four National Economic and Social Development Plans. Each year, there is an evaluation report stating the progress in various areas by presentation of figures, all of which seem to be satisfactory. However, the testimony which is before our eyes tells a different story; that poverty is still very much a dominant characteristic among the majority of the Thai population. And the situation is considerably worse for many people who are living in certain provinces, totalling more than 30 provinces in all, whose subsistence is well below the normal poverty line.

Alleviating absolute poverty in this instance is given special attention in the fifth Five-Year Economic and Social Development Plan. It is therefore imperative that careful consideration is extended so that development projects are carried out in the right direction so as to prevent repeating the same mistakes as in the past.

One of the first steps to ensure an accurate and effective plan is to set an appropriate and feasible target. The former practice was to stipulate targets by using figures to show the rise of per capita income or gross national product assuming these are indicators of the population's economic growth. But this is wrong because it does not take into account the wide gap between the revenue of the rich and the meagre earnings of the poor. In fact, it may even serve to further widen this gap.

What should be done is to set a tangible target by using the standard of living as an indicator. By this I'm saying that we should set the target to elevate the standard of living of farmers to the same level as the urban population presently defined as being in the middle-income bracket. When the objective is broadly set as such specific targets should be established as to their living accommodations, their daily

diet, clothing and health, including medical treatment and services to which they are entitled if they are to be considered as having no less than what is accessible to the urban middle-class.

If the plan is efficiently executed, the targets would be successfully attained and farmers will no longer live in a state of poverty and despair as they do now. Furthermore, if there is effective decentralization and distribution of responsibilities in this development programme to provincial administrative units at the tambon level, namely the tambon council which is comprised of members who are elected by the local people; development would be simultaneously achieved throughout the kingdom. No area would be overlooked as many have been in the past.

Plans to augment income of the agricultural sector must aim at raising productivity per rai in all localities, as well as raising the quality of agricultural produce. Improving the quality along with an increase in the quantity is the only way to beat the stiff competition in the world market. It will also ensure a substantial and steady income for farmers.

To further enhance complete and prompt achievement of the designated targets, assistance from the private sector should be enlisted to collaborate with relevant government agencies especially in the planning and management aspects. However, the roles and responsibilities of each should be clarified so as to prevent overlapping. The work plan should also include scheduled time frames for each operation. If the joint effort between government and private agencies is to be well coordinated and the development plan efficiently executed and the targets achieved, it is essential to promote the liberal economic policy of a free market economy which encourages competition. Any venture which is monopolized by the government either through legal provisions or through bureaucratic regulations should be eliminated. This means that such legal provisions and bureaucratic regulations which support monopoly should be rectified so that the private sector may compete on equal terms with state enterprises because competition is the very essence of the free market economy.

With all out competition comes efficient production in both quantity and quality. Thus, consumers

have a wide range of products to choose from. Competition also means that manufacturers have to do their best to keep customers satisfied especially price-wise. Therefore, consumers will be at an advantage instead of being at a disadvantage as they are today.

Certain business endeavours over which the government must reserve control for various reasons such as to gain national revenue which would be spent on the administration of government agencies, or for national security reasons may be exempted. Nevertheless, monopolistic situations must be kept to a minimum; otherwise overall development will never be achieved.

If it is agreed that the free market economic system is one that is beneficial and appropriate to meet the needs of our society, we must also understand and accept that this system employs profit as a push factor to promote economic growth which will eventually result in social development and a better way of life for the majority of the population.

As such, we must not view the pursuit of profit with disgust because without profit as an incentive, businessmen would be reluctant to go ahead with investments and refuse to expand production and trade. The government must encourage the private sector to invest in various businesses by providing the right opportunities and creating an atmosphere favourable for acquiring profit as an essential component of accelerated economic development of the country as a whole. However, the government must also keep a close watch on industrial and commercial activities to prevent any wrong-doing or unethical profiteering.

The fair share of profits to which the private sector is entitled in accordance with the principles of the free market economic system is already limited by competition. Therefore, there should be no fear of loose and uncontrollable profiteering.

In addition, the government will also collect taxes on such profits. In this way, senseless rules and regulations which prevent advancement of private businesses should not exist since they only cause a waste of time and trouble and discourage further investment — not to mention the fact that it creates unnecessary expenditures which could be put to good use elsewhere.

By this I am referring to the costs of "wheeling and dealing" with appropriate authorities who happen to be in the position to help "speed things up." Such practices discourage businessmen who don't like to pull strings or spend money on "special favours"; and these are usually competent and decent businessmen who can afford to make investments in any country where the economic climate is favourable.

Just think of what a great loss it is for us when they decide to invest elsewhere!

It is therefore vital, if we wish to promptly initiate the expansion of all types of business in the private sector and create jobs for countless thousands of unemployed in keeping with the objectives stated in the national development plan, to cut down and, if possible, eliminate existing bureaucratic restrictions which impede local investments and pave the way for numerous irregularities which they were actually designed to prevent in the first place.

I firmly believe that with our abundant natural resources, rapid national development is feasible but only if the effective and appropriate measures are taken to ensure efficient management of affairs which I have been describing. In fact, if such a plan is carried out, we may witness economic stability within a decade. However, if the present atmosphere and conditions are allowed to prevail, especially in terms of an indecisive government, unable or unwilling to make the necessary changes or instill a sense of hope among honest civil servants so that they could execute their responsibilities with confidence and integrity instead of just going on from day to day as at present, as well as being unable to generate an economic climate favourable for investment (both local and foreign), then I would say our economic future seems rather bleak.

As all of you are well aware, past performances by the government have been filled with inconsistencies and lack of direction, so much so that the business community has become completely baffled. Then there are times when the government suddenly decides to get up and do something drastic like the devaluation of the baht.

Will we ever have a capable, competent government along the lines which have been discussed today? Will such a government remain in power long enough to put

the work plan into action until the targets are achieved? No one can fully answer these questions because our present model seems strangely to do things half way. But then we must realize that the bulk of the executive power lies in the hands of those in military uniform. Anyone who can boast that we are progressing towards full-fledged democracy is obviously practicing self-deception.

I have always felt that true democracy must begin by extending the opportunity for members of every community from the tambon level upwards, to establish their own administrative units comprising members who are elected into office. This form of democracy will teach the common man to understand and cherish the principles of democracy and, more important, to learn to value and guard his vote from unscrupulous tactics employed by certain types of politicians.

I am also certain that once people in the villages truly understand and appreciate the advantages of self determination through the democratic process and know the true meaning of exercising their vested rights in accordance with logical aspirations to find the best solution to all problems, then Thai democracy will bring into power a stable government whose policies coincide with the will of the people. Such a government will be capable of overturning the present deteriorating state of affairs and lead us towards socio-economic stability and prosperity.

At this point, if someone were to ask me whether such an opportunity is present, I would have to answer in all honesty that no, it is not. The majority of Thais have not yet been introduced to true democracy and the rights and responsibilities that go with it. However, we must not lose hope. If any of you agree that what has been discussed here today would help take us closer to the true democracy for which we have been striving during the last half a century, please disseminate the principles and procedures which you feel are suitable. Because I have the firm conviction that if we accelerate dissemination of knowledge and proper attitudes toward socio-economic development, that which may seem bleak today can well take on a more positive light in the not too distant future.

LABOR LEADER ASSASSINATED

Bangkok THE NATION REVIEW in English 7 Mar 82 pp 1, 2

[Text] A labour leader of a steel factory in Samut Prakarn was shot to death in front of his house late Friday night and his colleagues said they believed the killing was linked to his labour activities.

Chamlong Raksuk, a 30-year-old labour activist and secretary general of the employee sub-committee of the Thai Special Steel Co Ltd, had been an outspoken defender of his fellow workers' interests, his colleagues said.

He was killed in front of his house which was located near the factory at Wat Suansom, Samrong Nua of Muang District at around midnight as he was returning home.

He was reportedly shot point-blank by an unknown number of gunmen.

Pricha Srimisap, vice president of the Steel and Metal Labour Union, said he was convinced that Chamlong's death was connected with his labour activities.

"Chamlong had been defending the interests of his fellow workers. And there was no other reason that we think was behind it," he said.

Pricha said he will call a meeting of the members of the labour union tomorrow to discuss the incident.

Another labour leader quoted Chamlong as saying earlier that he was aware of a death threat against him.

"He was a friend to everyone and never had any enemies. He told me that he had been asked by his friends to take a low profile," he added.

Chamlong, who left behind a wife and a seven-year-old child, was shot in his left temple with a shotgun and died on the spot.

His wife reportedly left the house after the murder for fears of becoming another murder target. Chamlong had worked with the factory for five years.

A police officer said he already had the identity of the gunman but had yet to question witnesses before the motive of the murder could be established.

Labour leaders had said earlier that they suspected some employers had black-listed labour leaders that they wanted to get rid of.

On October 14 last year, two labour leaders of Saha Farm chicken slaughterhouse were killed by two gunmen riding on a motorcycle. Another worker was also wounded in the shooting which had prompted the Labour Congress of Thailand (LCT) to call on Interior Minister Sitthi Chirarochana for a serious investigation into the incident.

CSO: 4220/429

EDITORIAL VOICES DESPAIR OVER FUTURE OF DEMOCRATIC GOVERNMENT

Bangkok TAWAN SIAM in Thai 16 Jan 82 p 3

[Editorial: "The Final Performance"]

[Text] The third Prem government has gathered together the leaders and members of the three major political parties, including young but hardened [politicians] and seasoned veterans, and welded them into a coalition. It has also succeeded brilliantly in reducing the strength of those politicians who would not play the game, succeeding to such an extent that they have almost had to give up politics.

The use of a stratagem to form a government by destroying the political parties is an indication that this is the last "performance" of the democratic system, which is still plodding on almost 50 years after it came into existence.

In the military's view, the future of the nation is based on the assumption that the people are incapable of governing themselves and that giving them this right is, therefore, useless. Doing so will only cause trouble because rotten politicians, "freewheelers" and various interest groups will come forward out of self-interest. [And they think] that all merchants and businessmen are greedy and that a dictatorial form of government is best for solving the various problems, especially those concerning national security.

Whoever takes part in enacting this final performance should be condemned for betraying the democratic form of government. At the same time, they should be praised for being the important means by which the evils in the democratic system can become clear and eliminated.

11943

VSO: 4207/59

PROTESTS RAISED OVER THAHAN PHRAN ATROCITIES

'MATICHON' Editorial

Bangkok MATICHON in Thai 15 Jan 82 p 4

[Editorial: "The Death of a Dove"]

[Text] Concerning the death of Mr sumon Chumchua, a reporter for the newspaper THAI RAT assigned to Nakhon Sithammarat Province, on 12 January, there are worrisome aspects of this case that should be discussed. If his death resulted from a normal conflict of interests, there would not be any real reason to write about this. But the reason that this case must be discussed is that this reporter died while performing his duties as a reporter who was trying to bring the truth to light. As for the culprits in this case, there is good reason to believe that this was the work of "irregulars" [thahan phran].

All the newspapers that reported this sad case were in agreement about what was behind this killing. This probably happened because irregulars from Group 424 in Phromlok District, Nakhon Sithammarat Province, went out on patrol and clashed with other irregulars, which resulted in several people being wounded. But instead of admitting the truth, these irregulars told their superiors that they had clashed with communist terrorists. But this was not all. They also tried to force the reporter to twist the story as they wanted.

Because of his awareness of his duty as a reporter to "bring the truth to light," Mr Sumon Chumchua did not yield to the pressure applied by these irregulars and reported this story to the THAI RAT office and printed this sensational story in the local press, which led to the immediate exposure of Irregular Group 424 when the story was released. Mr Sumon was shot at as a warning and so he reported the matter to Lieutenant General Han Linanon, the commanding general of the Fourth Army Area, and made preparations to move his family from Nakhon Sithammarat to Phuket Province in order to get away from the threat of the irregulars. But before officials could provide protection and before he could move anywhere, the "dove" of Nakhon Sithammarat was cut down by an M16.

The irregulars, especially those in the southern provinces, have committed many notorious acts that have caused trouble for the people, including robbing and killing innocent people. People in the south and even southern MPs have proposed that the government take stern action regarding the behavior of the irregulars and not let them become "bully soldiers". But this does not seem to have had any effect at all. Concerning the death of this reporter, even though there is no conclusive evidence that this act was committed by irregulars, since all the clues indicate that they were involved, the Fourth Army Area cannot allow this case to fade away as has happened in other cases. Because if this happens, the "politics leads the military" policy will amount to nothing but "window dressing" that has no effect in real operations. And the hope for the "Umbrella of tranquility" [policy] will certainly have just the opposite effect.

'BAN MUANG' Commentary

Bangkok BAN MUANG in Thai 16 Jan 82 pp 4, 5

[Free Thoughts, Forest Breezes and Sunshine column by Nui Bangkhunthien:
"A Barbaric Society"]

[Text] The fact that irregulars have shot villagers in Nakhon Sithammarat has made it seem like the country does not have any rules, any laws or any guarantees of safety.

Bandits at least have a leader but no one is in control of the irregulars.

What happened resulted from the fact that Mr Sumon Chumchua, a reporter for the newspaper THAI RAT would not agree to go along with the request of the irregulars to twist the story of their clash with police, which happened because of some misunderstanding, and instead report that the opposing group had been communist terrorists.

This angered the irregulars and so they shot him to death. Even after killing a person, they have still received protection. The police were not able to make any arrests immediately. They first had to ask for cooperation from the superiors of these irregulars.

This event [took place] in the area of responsibility of the Fourth Army Area, where Lieutenant General Han Linanon is waging a battle on two fronts. On one front, he is struggling against the communist terrorists in the jungles. On the other front, [he is fighting] the influential people and godfathers in the cities. Lieutenant General Han has cut the "claws" of the godfathers by eliminating the irregulars from the cities. This is because the irregulars do not have an appreciation for making things peaceful for society. They have placed themselves at the disposal of the godfathers and are like the "claws" of those who violate the rules of society.

Lieutenant General Han was surely very unhappy when the irregulars killed this reporter. Because the result has been that [his] image has been greatly tarnished among all the government officials. This is a weakness that the communist terrorists can use to make attacks.

The military formed the irregulars in order to have them serve as a forward unit to fight the communist terrorists. But, unfortunately, the system of control is not strict enough.

Some groups of irregulars are, therefore, the same as bandits. They do what they want to and if they do not like someone, they kill him. After they commit a crime, they flee and the police cannot arrest them since they are under the authority of the military. They must make out a warrant and so by the time all this is done the culprits are far away.

Not all of the irregulars are bad. There are many who want to do a good job. But it should not be forgotten that the morale of the people is affected each time the irregulars commit an audacious act. For example, they surrounded a police station and took a suspect from the police. The police did not dare do anything to stop this because the irregulars were acting like lunatics and were ready to use force to destroy anything that got into their way, whether people or property.

Has the time come to review things concerning how the irregulars can be strictly controlled like the soldiers and police?

Do not allow the people to be placed in any further danger from these legal bandits and do not look at the irregulars as simply tools for saving military manpower in the struggle with the communist terrorists.

Please look at the opposite aspect, which is the destruction of the government's image. You do not have to worry about the lives of the villagers since they are of no value! Such events will probably continue to occur regularly because they have occurred many times in the past and nothing has been done.

114
1207/59

REASONS FOR SAP DISUNITY DISCUSSED

Bangkok SIAM MAI in Thai 13 Feb 82 pp 12-14

[Article: "At What Point Will the Social Action Party Dissolve?"]

[Text] Since the wave of disunity first began to appear in the Social Action Party after the party joined the third Prem government, the conflicts have gotten progressively worse. The younger members of the SAP, who have taken the lead in calling for reform of the party's structure and apparatus, suffered defeat in the election of a new central committee on 6 January 1982. But this defeat has set the stage for a new explosion within the SAP.

Mr Pramuan Saphawasu, a member of the party executive committee and an important person in the financial affairs of the party, resigned following this. His reason for resigning was that he was dissatisfied with conditions in the party. It appears that this resignation was not opposed by Mom Kukrit Pramot, the leader of the party, even though Mr Bunchu Rotchanasathien, whom Mom Kukrit has asked to again become the deputy leader of the party, asked Mom Kukrit to persuade Mr Pramuan to rejoin the party. But the attitude of the leader of the SAP was one of total indifference to this matter.

Shortly afterwards, Mr Khanin Bunsuwan and six other MPs belonging to the SAP announced that they were resigning also. Among those MPs who resigned were several important figures such as Mr Darong Singtothong, an important person for the sugarcane growers, Mr Sunthorn Thasai, a former newspaper man with THAI RAT and an MP from Nakhon Ratchasima Province and Mr Charat Phuachuai.

Concerning this resignation of seven MPs, the attitude of these MPs was very tough as compared with the political movement of the MPs who are dissatisfied with the SAP for deciding to join the third Prem government. Mr Khanin Bunsuwan, an MP from Chonburi, attacked Mom Kukrit Pramot, even though very few MPs in the SAP had previously dared to talk about the bad aspects of the party leader.

Concerning this attitude shown by Mr Khanin Bunsuwan and the others in attacking Mom Kukrit Pramot and their announcement that they intend to form a new party,

if the SAP does not make some changes, it can be said that such an attitude clearly shows that it will be very difficult for the SAP to reunite itself.

The Attitude of Mom Kukrit Pramot

The attitude of Mom Kukrit Pramot has changed very little. Even though he has recently begun to try to reach a compromise with Mr Bunchu Rotchanasathien, his own standpoint is one that totally ignores the wishes of the MPs who resigned from the SAP.

It seems that those who proposed joining the third Prem government play an important role for Mom Kukrit Pramot. And it seems that in the struggle between those MPs who were against joining the third Prem government and who proposed reforming the party apparatus and those who supported the government, the scales have tipped in favor of those who support the government and who are now serving as ministers. This latter group includes such people as Mr Phong Narasin, Mr Prida Phattanathabut, Mr Thongyot Chittawira, Mr Koson Kairuk and Mr Barom Tanthieng, for example.

As for Mr Kasem Sirisanphan, who has become the focal point of the conflict with Mr Bunchu Rotchanasathien's faction, it is very likely that he will have to give up his position as secretary-general of the party in order to get Mr Bunchu Rotchanasathien to rejoin the party and prevent other MPs who support Mr Bunchu from resigning too.

Mr Sunthorn Thasai, one of the seven MPs who resigned, said that another group of MPs in the SAP who trust Mr Bunchu may resign too if the party does not make some changes.

The Attitude of Bunchu Rotchanasathien

As for the political movements of Mr Bunchu Rotchanasathien since the SAP joined the third Prem government, he has remained rather quiet. And it seems that his dissatisfaction with many of the people in the SAP has caused Mr Bunchu to become rather tired of politics.

The movements of the MPs in Mr Pramuan Saphawasu's and Mr Khanin Bunsuwan's groups are very different from those of Mr Bunchu. Even though the MPs who resigned from the SAP are hoping [for the support of] the approximately 20 MPs from other parties who are waiting to join the SAP because of their respect for Mr Bunchu and waiting for Mr Bunchu to resign from the party and form a new party, with these seven MPs gladly willing to form the base of a new political party, Mr Bunchu does not really want to resign and establish a new party.

The attitude that Mr Bunchu is trying to project is that he wants the SAP to solve its internal problems.

Besides this, it seems that the attitude of Mr Bunchu to the request by Mom Kukrit Pramot that he return to his position as deputy party leader has softened greatly. However, regardless of whether Mr Bunchu decides to take this position or not, the difficult matter is that the seven MPs who resigned from the SAP and who respect Mr Bunchu are still an important responsibility that Mr Bunchu must accept, wither out of a sense of duty or a sense of commitment.

Where Will the SAP Problem End?

Concerning the essence of the conflict within the SAP, in reality, this occurred after the party resolved to join the government of General Prem Tinsulanon and so it can be said that it was the party's decision to rejoin the government and keep Mr Bunchu Totchanasathien from playing any part in the decision that is the source of all the problems that the party is now confronting.

Thus, simply compromising will not solve the problems within the SAP. Appealing to Mr Bunchu to return or having Mr Bunchu bring the seven MPs back into the party along with adjusting the structure of the party does not mean that politics in the party will end. Only by solving the problems at their source, the entry of the party into the government, will the conflicts within the SAP be ended.

Certainly, the SAP has only two choices left. First, it can allow more such defections to occur. The party's situation would be like that described by Mom Kukrit who once said: "Even if the only people left in the SAP are myself, Mr Kasem Sirisamphan, Mr Thongyot Chittiwira, Mr Prida Phattanathabut, Mr Brom Tanthien and Mr Koson Kairuk, then so be it."

Summary

The conflicts within the SAP may have arisen from the fact that the political thinking of the MPs in the SAP is not the same. But that is not the main reason. The primary cause for such all-round dissension within the SAP is the external situation, especially General Prem Tinsulanon's decision concerning government administration.

Thus, it is possible that the cracks in the SAP may heal. This would result if the external situation changes and causes the various factions in the party to join together again, even if they cannot join together very closely.

11943

CSO: 4207/56

THAILAND

MILITARY CONTROL OF ECONOMY BLAMED FOR PROBLEMS

Bangkok KHAO CHATURAT in Thai 15 Feb 82 pp 6-10

[Article: "Weeds Versus Flowers"]

[Text] While the financial institutions view the military as ignorant and have relations with the military only so that this or that individual soldier or group of soldiers can provide protection and bestow benefits, giving them a large conference allowance in return, the military views the financial institutions as composed of very wealthy capitalists who have so much money that they cannot spend it all.

"The banks must be seized if the problems are to be solved." We have heard similar words from various officers who say that they want to solve the country's problems.

"The black list of 500 capitalists" that is talked about is the crude idea of some hotblooded young turks.

Now, the new economic system is moving forward continually and has reached the point where the financial institutions occupy a central position in the system. But the political structure has not kept pace and it has become an obstacle to the development of the economic system. Every politician, or person who has come forward to take political power, has announced that he will solve the economic problems. And the same is true of the military. As people who have held real power for a long time, they have begun to realize that the economic problems are not simply security problems or a communist problem as was thought before. And so criticisms have been made of the economic system, or of the important element in the economic system, that is, the financial institutions. Over half of these criticisms have generated great fear among those who are being criticized.

The Past 30 Years

The starting point for military interference in [the affairs of] the financial institutions was the 8 November 1947 coup d' etat, in which there was cooperation between the group of Field Marshal Phibun Songkhram and the Prachathipat Party, which was then headed by Mr Khuang Aphaiwong. Field Marshal Phibun

Songkhram did not yet dare to take over as leader himself out of fear of the war crimes charges. Lord Chainat, who was serving as regent, appointed Mr Khuang Aphaiwong as prime minister. Wiwatanachai Chaiyan was minister of finance and Kukrit Pramot was deputy minister of finance. One month after taking power, Mom Kukrit, in the name of the Ministry of Finance, ordered the immediate closing of Asia Bank and the Bank of Ayuthaya.

It is well known that Asia Bank was founded with funds from the University of Moral and Political Science [now Thammasat University]. As for the Bank of Ayuthaya, the major shareholder was Lui Phanomyong. Both banks had connections with Mr Pridi Phanomyong, a political enemy of the coup group.

Field Marshal Phibun and Field Marshal Phin Chunhawan used military power to transfer the Asia Bank shares held by the University of Moral and Political Science to the Veterans' Organization. As for the Bank of Ayuthaya shares, Police General Phao Sriyanon used his power to force Lui Phanomyong to transfer his shares to himself [Gen Phao] and Field Marshal Phin. This was the first time that the military had influence over and interfered with the financial institutions, with the Veterans' Organization holding the shares of the Asia Bank and Field Marshal Phin and his son-in-law holding the shares of the Bank of Ayuthaya jointly.

After the "Palace Rebellion" of 26 February 1949, General Sarit Thanarat entered as the hero who suppressed the rebellion. He wanted to build his financial base and so he asked to buy the Asia Bank shares from the Veterans' Organization. Permission to do this was given by Field Marshal Phibun.

During the period when the United States gave much help to suppress the communists in Thailand and began waging war in Indochina, Police General Phao and General Sarit were the people whom the United States had the most contact with. Separately, both Asia Bank and the Bank of Atuthaya played a great role in this.

It can be seen that, in this period, Bangkok Bank had not yet become involved. Bangkok Bank was in a state of decline because of the influence wielded by these other two financial institutions. Thus, Bangkok Bank solved this problem by allowing Major General Siri Siriyothin, another son-in-law of Field Marshal Phin, to hold shares and inviting Lieutenant Generalpraphat Charusathien, a close friend of General Sarit, to become chairman of the board. This was done in order to have status equal to the other banks. The result was that the position of Bangkok Bank improved continually and, because it was managed better than other banks, it finally became the leading bank.

After the coup of 16 September 1957, Field Marshal Phibun, Field Marshal Phin and Police General Phao fell from power and so there were changes in the Bank of Ayuthaya. Police General Prasoet Ruchirawong took the shares formerly held by Police General Phao and Major General Praman Adireksan. As for Asia Bank and Bangkok Bank, things remained as before, except for the fact that Chin Sophonphanit, the manager of Bangkok Bank, was not allowed to enter the country because of some conflict with Field Marshal Sarit.

After the death of Field Marshal Sarit in 1963, Field Marshal Thanom Kittikhachon used his power to seize the assets of the "old one" and thus the Asia Bank shares of Field Marshal Sarit were transferred to General Praphat Charusathien. But because General Praphat was then serving as chairman of the board of Bangkok Bank and could not, because of the law, serve on the board of Asia Bank too, he let a close military associate of his, Colonel Som Khattaphan, serve on the board in his place. And they have had close contact with each other ever since, that is, from the time he [Som] was a lieutenant colonel to the time he was a lieutenant general.

During the time that Field Marshal Thanom was in power, General Krit Siwara served as chairman of the board of the Thai Development Bank during the period that Khun Khunphalin had power.

Later on, after the coup of 17 November 1971, General Krit had to give up his position as chairman of the board of the Thai Development Bank. Colonel Narong Kittikhachon took this position in his place. Colonel Narong installed Seri Sapcharoen as manager until a major case of embezzlement occurred and the Bank of Thailand had to take charge. Later on, the shares were sold to the group of Uthen Techaphaibun. The name of the bank was changed to the Metropolitan Bank, a sister bank of the Sri Nakhon Bank up to the present.

The Remainder

After the events of 14 October 1973, Field Marshal Thanom, Field Marshal Praphat and Colonel Narong had to leave the country and Field Marshal Praphat lost his position as chairman of the board of Bangkok Bank. Even though he now holds an honorary position in this bank once again, he does not play the same role as before. At the same time, the shares in Asia Bank have switched hands. Field Marshal Praphat no longer holds any shares, although Lieutenant General Som Khattaphan still does.

As for Police General Prasert Ruchirawong, although he is now retired, he still holds a high position in the Bank of Ayuthaya.

It can be said that since 14 October 1973 when the military power structure crumbled, no officer of the younger generation has had relations with the financial institutions like those of the past. The only ones left are the old cohorts of Field Marshal Thanom and Field Marshal Praphat. In particular, Field Marshal Praphat is still trying to maintain his role in this. As for those financial institutions that once used high-ranking military officers as advisors, they have all forsaken this policy now. This is because the generation of officers after 14 October 1973 do not have real unity. There are only various cliques and it cannot be determined which clique will remain in power for a long time. Thus, those financial institutions that have a policy of association with [certain] officers are taking a risk since the officers in other cliques may become dissatisfied with this.

"Its impossible. This happened a lot before, but this has virtually stopped now. We cannot 'buy a ticket' because we would have to buy too many," said a high-ranking official of a well-known financial institution in the Yaowarat area to Chaturat. This phrase "buying a ticket" refers to associating with certain officers in order to facilitate carrying out certain things, which was the way that the Chinese did business in one period.

Similarly, the new generation of soldiers that have come to power since 14 October 1973 detest many of the things that the older generation of officers did and so they are trying to avoid having direct relations with the financial institutions. This feeling is also accompanied by the fact that they do not have a real understanding of the present economic system. This has caused many of them to view all of the financial institutions with disgust. They feel that these financial institutions are seedbeds of corruption and that they are destroying the country's economy. But there are many others in this new generation of officers who feel that to solve the country's present economic problems, it is necessary to have the cooperation of these financial institutions since they are an important element of the new economic system. This point has led to better understanding and changed the "picture" of the representatives of the financial institutions in the eyes of the military.

"I do not care whether they stage a coup or not as long as they do not interfere with the economic apparatus." This is what those business circles, especially those engaged in financial businesses, often say to Chaturat. The thing that those in business circles are saying is: please let the trucks operate as normal in order to transport the agricultural goods from the fields to the ports; please do not allow the highways to be destroyed; please let foreign cargo ships continue to come into the gulf; and, if a military battle is necessary, please conclude it as soon as possible.

"We would like to talk with our soldiers. We are ready. We accept them," said one executive of a financial institution in the Silom Road area. "But in such a situation, who should we talk to? We don't know whether there is really a split in the army or not. But that is the picture that we get. Which group should we talk with? If we talk with Prachak, Mr Athit will be unhappy. If we talk with Mr Athit, many others will be dissatisfied. Its not worth it."

As for the soldiers, many generals are aware of the state of existence and the importance of the financial institutions. But their level of understanding is still superficial and their pace toward a "new acceptance" is slow. "We have many tasks. Each day we have to follow matters. But we are interested in the economy. The leaders see the problems and are trying to form an advisory team," said a lieutenant colonel from the Army Operations Center to Chaturat.

Both the financial institutions and the military have taken only the first step toward understanding each other.

The military's absolute power in administering the country is gradually slipping away into the hands of new power groups. Few people have seen this clearly before. This power is now going to the laborers, who have raised themselves up because of industrial development, the specialists in the bureaucracy, who are the important "cogs" of the state in considering and overseeing the expenditure of billions of baht, the administrators and the businessmen, who are not capitalists but managers of the financial institutions, even though they started in the domestic and foreign production and service [sectors].

Chaturat would like to close with an observation from the "Grasp the Line" column in issue 22, which was the last time [this column appeared] before page 50 was used for another column:

"The Royal Thai Army and the power groups that have emerged in the last 10 years and that will continue to grow stronger constantly as long as Thailand and the Thai economy look for ways to develop and become a part of the world economy are starting to move in opposite directions. The problem will not arise clearly if during their march in opposite directions the two groups view each other in a friendly way and realize that, although they are moving in opposite directions, they are still part of the same society, with each having its own tasks. The Thai economic problems this year will help clarify the picture of whether or not the new Thai economic groups can convince the army that they are not demons that have come to suck the blood of the people or army but rather a part of the country's production force. The growth and prosperity of these groups amidst the deterioration of most parts of the country's economy is not a challenge to the poverty of the army and people. These people have chosen to do work that depends on the traditional products of the country, just like most people.

"Whether or not the army understands and seeks gains from the country's new economic phenomenon for the common good is the key to being able to predict a bright future for the country...or a dark future because of failing to understand each other."

Choetchu Sophonphanit, the Manager of the Bangkok Thanathorn Finance and Securities Company Ltd.

People on the outside feel that banks or financial institutions have much money. In fact, these large sums of money belong to the depositors. It is our duty to repay the money in accord with the conditions. This is a type of business in which if we are not careful in lending money, we will not have any money with which to pay the depositors. The national bank oversees things. This is a business that requires a sense of responsibility to the people and to the country's economic system. If the economic system fails, we cannot survive.

People outside, and soldiers too, look at us only from the point of view of our having a lot of money.

To engage in a business today, you must rely on the financial institutions. If you are a merchant, you can do as much as your financial capabilities allow you to. Formerly, if you had 5 million baht, you used 3 million or, at most, all 5 million. But now, the economy has developed greatly. If you have 5 million, you will probably invest 10 or even 20 million, with the difference borrowed from a financial institution that uses people's savings to make loans. Thus, the financial institutions, and especially those who manage the financial institutions, play a great role. They also have a great responsibility.

If you look at the profit figures, tens of millions of baht, it may seem like a lot. But when this is compared with the amount invested, it is not very much. Profits are only about 10-20 percent. And the profits do not belong to just one or two people. This might have been true in the past when things were beginning. For example, in the beginning, Bangkok Bank invested 5 million and only two or three people put up 1 or 2 million. But now investments reach 2 billion and such amounts cannot be invested by only a couple of people. It takes many people. The soldiers must understand this. If anything is done to the banks, this does not affect just one or two families as is said but all the people to whom the money belongs, including the people. And the economic system will be thrown into a state of confusion.

We recognize that the military plays an important role. We do not deny this. The fact is...we recognize this.

But the thing that we are afraid of is that the military will not understand the real problems that exist today. The economic system has developed continually over the past 20-30 years. For example, our agricultural goods have developed very quickly. From a point of not having anything, we are now exporting 6-7 million tons a year. Care must be taken that...the military must be careful that it does not interfere with this development. Things must be made convenient for this activity. It is not true that only the merchants and financial institutions will benefit. Rather, this means that the entire system will make progress. If the merchants sell goods and make a profit they will be able to purchase the produce of the farmers at a good price. The farmers will have money with which to purchase household articles. The merchants who produce these goods will make a profit too. And so the economy will expand and develop. Some people may not have noticed that in the past 10-20 years, the farmers' standard of living has improved greatly. Formerly, they had to walk and then they used bicycles. Now they have motorcycles. It is true that this may not be true everywhere but it must be admitted that progress has spread. If the exporters can sell goods, the farmers will be able to sell their produce at a good price and will be able to purchase consumer goods.

Some may argue that things do not happen this way. The merchants may force the farmers to sell at lower prices. Exactly! This is the duty of the soldiers or of the administrators who must supervise things and see that things are done in accord with the system. They should be helped to sell their goods but should be watched to ensure that they do not take advantage of others. We

should support them in their efforts to sell their goods and not criticize them [all the time] for taking advantage of the people.

Democracy will survive if the economy develops and the income of the people increases. The military must realize this. We do not care what the military does or whether it seizes power or not. The important thing is for the soldiers to solve those problems that interfere with the development of the economic system. This is the least that they must do.

The problem of peace within the country: This is extremely important. If there is no peace in the country and there are killings daily, no one will want to invest money in order to engage in trade here.

The neutralist foreign policy: Stated simply, this is a foreign policy that allows goods to be sold. We may not agree with others on political matters but trade must be maintained. This year, for example, agricultural production was good throughout the world and so other countries have ordered little. Only in Russia and East Europe was production bad. If we do not sell our agricultural products to Russia and East Europe, who can we sell them to?

Laws that promote increased production: The same is true for this. Those laws or regulations that hinder economic development must be revised and government officials who do so must be corrected.

At present, the financial institutions and the military have little contact with each other. But we welcome them. We have opened the door. We are ready to talk and exchange ideas so that the soldiers will really understand the "businessmen." At present, the only ones who have dealings with the military, whom the military thinks are "businessmen," are businessmen who seek power, brokers who want to sell goods with the hope of making a commission and scholars who do not have any real contact with business circles. The relationships that once existed were usually personal. Some companies and financial institutions put certain military officers on their boards in the hope that these officers would help keep them from being harassed. This was not right. At present, the proper relationship is a system-wide relationship in which the common problems are understood and in which each understands the problems of the other.

Wattana Lamphasara, Manager of the Thai Home and Land Company (1979) Ltd

At present, it must be admitted that concepts in business administration have changed greatly. They have changed along with the economic system, which has grown continually, even though this growth has not been very satisfying because of the many unfavorable factors. But the system has continued on its way and grown continually and produced a large number of young professional executives who have experience.

Formerly, the older generation of businessmen relied on having relations with high-ranking military officers and politicians in order to reduce the risks in business and create a bright path. But now, very few do this anymore.

The new generation of businessmen have begun to manage things in a really principled way. Take finance for example. At present, the financial institutions need people who are well-known and experienced in the field of financial administration. They do not want soldiers or politicians. This is something that has changed, even though at present, as in the past, soldiers are still engaged in politics.

But this does not mean that [we] do not recognize the political role of the military. In such a situation as today, it is impossible to deny their role. The military will continue to play a role for at least a while longer. It may have to play a role until there is peace in this region, the fighting dies down and the political parties in our country take shape.

During this period when the military must still play a political role, if the military understands that we businessmen love the country and want the nation to prosper, there should not be any problem. Each person can carry out his own duties well, and the economy will develop on its own continually. But if it is thought that this group is taking advantage of society, matters will be difficult and, in the end, all will suffer. This is because the [parts of] the economic system are linked together like a chain. If the investors cannot invest money, production and employment will not increase, the income of the people will decrease, people will lack purchasing power, the producers will go bankrupt and the government will not be able to collect sufficient taxes. It would be like the snake eating its own tail. No one would be able to survive alone.

It must not be forgotten that we take a great risk when we decide to invest in a project. We must look at many things before starting some project in order to ensure that we make a profit, some of which is paid to the state in the form of taxes. In turn, the state must oversee our activities. If things proceed harmoniously like this, economic growth in our country will proceed well continually. But if there is mistrust and improper supervision, this will hold back growth.

I would like to say that, during the past 3 years, many factors over which we had no control, such as the dismal state of the world economy, the very high interest rates and the tight money situation overwhelmed us and made the situation worse. Thus, if there are also problems over which we do have control, such as the stability of the government, the problem of coups, the frequent changes of government and the frequent changes in policy, the situation will deteriorate much more.

It is a fact that, at present, the savings deposited at our financial markets are very large because of the high interest rates. Everyone who has money wants to deposit it in a bank to earn this interest. But investments have not risen as they should have. This can be explained by the fact that investors have to borrow money at an interest rate of 18-19 percent. If the return on investment is less than the return from depositing money in a bank, who

would want to invest? They do not have to take any risks; they simply have to deposit their money in a bank and let it earn interest.

Concerning such problems, besides allowing the economic apparatus to solve its own problems, providing motivation makes the investors feel more confident about their investment decisions each time. This is essential. It will determine whether such a situation arises or not.

1. What can be done to give investors confidence in the policies of the government, which has said that there will not be any sudden changes?
2. What can be done to keep the activities of the investors and businessmen from conflicting with some of the policies that have been put forth by people who are not aware of the real problems?
3. What can be done to put a stop to a situation that does not support investment?

We would like to eliminate these problems so that our economy makes progress toward a bright future. If the military sees these as problems and wants to solve this too, this will be a good sign.

11943

CSO: 4207/57

COMMENTARY HITS RTG INDOCHINA TRADE POLICIES

Bangkok KHAO CHATURAT in Thai 15 Feb 82 p 5

['Clandestine Leaflet' column: "Where Is Our Strength?"]

[text] To look at the problem of Thailand's security, [we] must look from the standpoint that security arises from the cooperativeness of the people who want to live together. People want to live together in one society because of the common benefits, which derive from the feeling that one benefits by living together with others under the same rules.

The economic benefits are the most important. When the economy of the individual, the family and, finally, the country is good, people think about the psychological benefits. National leaders who think only about profits are fooling themselves, such as those who claim to be Marxists or the powerful popes in the Dark Ages in Europe.

All Thai governments have had a policy of promoting industrial development. In the beginning they wanted to develop this so that Thailand would not have to purchase things from abroad. Now, and in the future, the goal in developing [industry] is to promote exports. In the first stage of planning, there were no restrictions concerning which countries goods could be exported to. But at present, there is a policy that says that security policies forbid the export of products derived from the development of industry and from governmental promotion to this and that country. The result has been that investments have been greatly affected, and the investors have not been the only ones affected. This has also had an effect on the laborers, those Thais who sell their labor to the country's new industrial system.

The government is implementing a policy that is just the reverse. National security is important but it is essential that our view of the world be based on fact. While the government is concentrating on movements outside our borders, it has forgotten that problems are arising inside the country too.

Thailand is one of only two countries that is resolutely trying (according to the government) not to engage in trade openly with Indochina. Even though we have a policy of remaining neutral, this does not mean that actual practices

follow the policy. We are selling more and more agricultural products to the Soviet Union every year, just as the United States still trades with the Soviet Union. It is extremely naive to think that these agricultural products are not reaching the countries of Indochina. The government knows this, but at the same time the government has a policy of not selling certain types of goods to the Indochina countries, even though these goods do not include any weapons or war materials. Concerning trouble between the Soviet Union and Thailand, it is not avaricious merchants or Soviet agents that are trading with these countries. It is the Thai government itself that is trading with the governments of those countries. And the member countries of Asean are trading with the countries of Indochina with no stipulations concerning types of goods.

If Thailand proclaims war against the countries of Indochina, not only will we have to suspend trading with these countries but we will certainly have to get the other members of Asean to stop trading with them too. This would be a correct policy since it would be an open and just struggle.

Since the situation in Indochina will probably remain like this, it is essential that we see where our strength lies. In fostering security and in relations with Indochina, Thailand's strength lies in the fact that our domestic product is higher than that of all the countries in Indochina combined. We can mobilize more capital than all these countries combined. Our economy's resources, which are being put to use, are greater. At a time when the Indochina countries are still incapable of solving the problem of poverty, Thailand has a chance to be a part of the economic outcome in these countries, just as Japan is doing with us at present, based on the law of supply and demand.

The saying that "if during World War II Japan had taken the money used to wage the war in East Asia and used it instead to make an economic attack on these countries, they would not have had to wait so long to succeed" has been heard so often that it has become boring. But we can put it to use concerning relations between Thailand and the countries in Indochina.

11941

(30) 4207/57

THAILAND

BENEFITS OF TRADE WITH USSR NOTED

Bangkok KHAO CHATURAT in Thai 15 Feb 82 pp 14, 15

[Article: "The 'Ruble' Bluff"]

[Text] A document issued by the Ministry of Commerce on 30 November 1981 concerning "Thai trade in 1981" points out clearly that during the 1979-1981 period, trade between Thailand and the Soviet Union expanded greatly. This is because the Soviet Union experienced a domestic food grain shortage. Thus, they had to import large quantities. During the first 8 months of 1981, the value of Thai exports to the Soviet Union reached 5,563.7 million baht, which is 5.4 percent of the value of all exports. As compared with the same period in 1980 when the value of the goods exported to the Soviet Union was 2,083 million baht, this was a 167.1 percent increase. At the same time, the value of the goods imported was 214.3 million baht, or 0.2 percent of the value of all imports. This was a 64.7 percent increase as compared with the same period in 1980 when imports [from the Soviet Union] reached 130.1 million baht. Thus, for the first 8 months of 1981, Thailand had a trade surplus of 5,349.6 million baht with the Soviet Union while its trade surplus for the same period in 1980 was 1,952.8 million baht. The Soviet Union is an important purchaser of rice, millet and raw sugar.

However, the volume of trade between Thailand and the Soviet Union has been challenged once again. This game began after the start of the crisis in Poland. The United States took economic countermeasures against the Soviet Union just as they had done in the case of Afghanistan. And Thailand was one of its allies that was pressured to join this group. And reports were leaked that the United States had pressured Thailand into joining in in a trade boycott against the Soviet Union even though these reports were not officially confirmed and high-ranking officials of the Thai Ministry of Foreign Affairs denied that this was true. But in reality, it is clear that the United States was making a real effort to boycott the Soviet Union.

President Reagan took a tough stance in his annual address and affirmed that he would resolutely oppose the Soviet Union in the Polish matter. "The United States will not carry on business as usual with tyrants. And if the situation in Poland becomes worse, the United States will take further measures." This statement served to emphasize the position that had already been expressed clearly.

The ministers of the European community held a conference in Belgium in order to discuss reducing trade with the Soviet Union. This was a response to the Soviet Union over the events in Poland.

High-ranking Japanese trade officials expressed an attitude of looking for allies in order to together boycott the Soviet Union. This was in line with the desires of the United States.

To what extent will this measure be implemented? That is, in implementing this, will the United States really take resolute action? And if it does, how closely will its allies follow suit? This is something that must be considered at length and in great detail. But what is certain is that the United States and the Soviet Union are the most important grain trade partners in the world. This trade amounts to at least 40 million tons a year. The Soviet Union was America's largest grain market in 1981. The United States exported grain worth \$18.124 billion to the Soviet Union. What is certain is that a United States boycott would cause grain prices on world markets to rise. This is because the Soviet Union would have to corner the market by buying up large quantities from small producers instead.

The following points are Thailand's foreign trade realities:

1. Last year, exports, especially Thai grains, experienced great problems concerning both markets and prices. Or, stated differently, the life of Thai exports is rather tenuous because of the world economic crisis. And there is the problem of the continual trade deficit. Thus, taking part in a boycott against the Soviet Union, if there is one, is a matter that should be given much thought.

2. If we compare the trade balance between Thailand and the Soviet Union with that between Thailand and the United States and Japan, it can be seen that, concerning trade relations between Thailand and Japan and the United States, Thailand has an unfavorable balance of trade with them. At the same time, it has a trade advantage over the Soviet Union, which helps.

In 1980, Thailand's trade deficit with Japan reached 19,885.7 million baht and that with the United States was 15,305.5 million baht. And during the first 9 months of 1981, Thailand had a 20,217 million baht trade deficit with Japan and a 6,907.3 million baht deficit with the United States. On the other hand, in 1980, Thailand had a 3,133.6 million baht trade surplus with the Soviet Union and a 5,349.6 million baht surplus with them during the first 9 months of 1981. It can be seen that during the first 9 months of last year, Thailand's trade surplus with the Soviet Union was almost large enough to compensate for its deficit with the United States.

An opinion poll taken by Chaturat among Thai merchants showed that all Thai merchants, both those who trade with the Soviet Union and those who do not trade directly with the Soviet Union, feel that the trade and political problems must be separated from each other. As for trading with the Soviet Union or

with other markets, even though they may have different forms of government, trade should not be stopped. Rather, an effort to expand trade should be made in such an economic and foreign trade crisis. There is no need whatsoever for Thailand to boycott, by not engaging in trade with, the Soviet Union in the manner of its ally the United States. Rather, Thailand must seize this opportunity that has arisen because of the conflicts among the great powers and play this game to its own advantage. Some of the merchants felt that since Japan and the United States are competing for Thai markets by extending long-term credit to their customers and since the United States has poured tin onto world markets, which has had an unavoidable effect on Thai tin prices, Thailand should use the trade conditions with the Soviet Union to its advantage. This is [a matter of] the prestige of those small countries that are bold enough to take part in the economic and political games with the great powers.

11943

CSO: 4207/57

SITTHI COMMENTS ON KAMPUCHEAN TALKS

BK191445 Bangkok Domestic Service in Thai 1300 GMT 19 Mar 82

[Text] Although there have been some problems concerning the dialogue between the three Kampuchean factions, the ASEAN countries will continue their efforts to make the UN resolutions a reality, according to Foreign Minister Air Chief Marshal Sitthi Sawetsila today. He went on:

[Begin recording] [Sitthi] We will continue to take action. We cannot just sit back and relax. It is normal that there should be frustrations at times, but the policy must be continued. If we set an objective and do nothing to attain it then there would be no need for a Foreign Ministry.

[Question indistinct]

[Answer] Regular consultations.

[Question] What has the UN committee done so far?

[Answer] It cannot do anything because Vietnam has rejected it. After three IN sessions, certain persons have been assigned to contact Vietnam, China, the Soviet Union--the concerned parties--but Austrian Foreign Minister Pahr, who was scheduled to contact Vietnam in January, has been ignored by Vietnam. Thus, the ad hoc committee can make no progress. At the same time Vietnam has proposed that Thailand negotiate with the three Indochinese countries. I want to know why Thailand? If there are topics to be discussed I am ready to go anywhere--so long as the talks bring an end to the fighting in accordance with the UN resolution. [End recording]

CSG: 4207/73

THAILAND

PRASONG BRIEFS ITALIAN DEFENSE COLLEGE STUDENTS

BK230851 Bangkok Domestic Service in Thai 1300 GMT 22 Mar 82

[Excerpts] A group of five students of the National Defense College of Italy led by the Italian National Defense College Director Lt Gen (Mario Rossi) this morning paid a courtesy call on Prime Minister Gen Prem Tinsulanon at Government House. The group was accompanied by Italian Ambassador to Thailand Francesco Ripandelli.

Later at 1045, the group called on Secretary General of the National Security Council Sqn Ldr Prasong Sunsiri. He briefed the visitors on security problems in Southeast Asia, the border situation and the refugee problem faced by Thailand. Squadron Leader Prasong welcomed the group's on-the-spot study of the regional geopolitical situation which will greatly help them develop correct views and information. He reviewed the general situation in the region which has become target in the current struggle for influence by the world powers. He noted the growing Soviet expansion in manpower, air, ground and sea power, in Indochina and the Indian Ocean, a factor which will plunge the region into tension and conflicts and will cause instability in the small countries of the region.

He also briefed the group on economic, social and political developments in Vietnam, Laos and Kampuchea. Stress was put on the continued occupation of Kampuchea by Vietnamese forces despite UN resolutions calling for the withdrawal of Vietnam from Kampuchea and the right to self-determination for the Kampuchean people. The students of the Italian National Defense College were also briefed on the situation along the Thai-Kampuchean border where fighting is going on between Vietnamese forces and Kampuchean resistance forces and on the problem of the refugees heavily affecting Thailand at present.

The students of the Italian National Defense College expressed interest in various problems. The secretary general and officials of the National Security Council answered the questions to their satisfaction.

CSO: 4207/73

THAILAND

BANGKOK REPORTS NETHERLANDS PREMIER'S DEPARTURE STATEMENT

BK200847 Bangkok Domestic Service in Thai 0530 GMT 20 Mar 82

[Text] Prior to his departure, Andries A.M. Van Agt, the Netherlands prime minister, gave a press conference at the Erawan Hotel at 0900 today. He said it was a pleasure to visit Thailand where he was accorded warm reception both by senior officials of the Thai Government and by the Thai people. He disclosed that he was also granted an audience with his majesty the king during his visit here.

The Netherlands prime minister revealed that he held separate meetings with high-level officials of the Thai Government to discuss both international and economic issues and that the Thai side had requested the Netherlands to help find new markets for Thai products in the European Economic Community. He said the EEC should not stand in the way of developing countries' efforts to find new markets for their products.

Commenting on the Kampuchean problem, he said his country wants this problem to be settled. He said he met with both Vietnamese and Kampuchean refugees during a visit to various refugee holding camps in Thailand. He added that other countries should pay more attention to the refugee problem, which should not be a burden for Thailand only.

Asked how the Netherlands would help relieve this problem, the prime minister said his country is well aware of this problem and has already taken some refugees for resettlement despite the fact that it is a small country. The Netherlands has given financial contributions through the UNHCR. Three years ago, the Netherlands contributed \$25 million toward refugee assistance.

After the news conference, the Netherlands prime minister and his party proceeded to the Royal Air Force headquarters and left Bangkok for home by a special plane at 1000.

CSO: 4207/73

THAILAND

MILITARY OFFICIAL ON BORDER SITUATION

BK181549 Bangkok Domestic Service in Thai 1300 GMT 18 Mar 82

[Press briefing by Col Narudon Detpatiyut, army secretary; given on 18 March--portions in quotation marks recorded]

[Text] "Civilian defense volunteers have undergone training in the eviction of the enemy. I do not think that the Vietnamese forces now in Kampuchea can mount an invasion of Thai territory because they can hardly defeat the Kampuchean dissident forces which are only 20-30,000 strong. They will face appropriate retaliation if they should invade Thai territory.

"Forces in Kampuchea are repairing Route 68 from (Khtum) village to (O Poh) village in Samraong District, which is opposite Surin Province of Thailand. A permanent airfield has been constructed in Sisophon, Battambang Province.

"Regarding the situation along the Kampuchean border in areas under the jurisdiction of the 1st army region, our forces clashed with the opposition three times in Ta Phraya and Aranyaprathet districts, resulting in the injury of one Thai official and the death of six opposition soldiers. We seized a rocket launcher and 2 RPG rounds, 80 rounds of AK-47 ammunition and other articles. A total of 17 shells landed in Aranyaprathet, Ta Phraya and Watthana Nakhon districts and in Wang Nam Yen subdistrict of Prachin Buri, causing injury to four Thai people and damage to a number of homes. Some 12 Kampucheans were killed instantly and 38 others were wounded as a result of the shelling.

"Vietnamese-Heng Samrin forces intruded into Watthana Nakhon and Ta Phraya districts on two occasions. Two Vietnamese soldiers surrendered to Thai authorities in Aranyaprathet."

Regarding the situation in Laos, Colonel Narudon said:

"Laos has instructed its provinces to issue political propaganda leaflets urging those people who have fled to Thailand as well as those in the resistance movement to return to Laos. The leaflets say those people will not be held as having committed any offense. It also urges Thailand to

accept the proposal by the foreign ministers of Indochina to hold a dialogue with the Indochinese bloc countries concerning the partial withdrawal of Vietnamese troops from Kampuchea. Vietnamese forces are also massing in Khammouane Province opposite Ban Phaeng District, Nakhon Phanom Province, in order to launch operations against the resistance groups and to prevent Lao people from fleeing into Thailand. They are also overseeing border smuggling on the Thai-Lao border. However, it is hoped that conflicts between Thailand and Laos will diminish since officials of the two countries are trying to meet and talk with each other more often."

CSO: 4207/73

DUTCH PRIME MINISTER DISCUSSES ECONOMIC ISSUES

BK171636 Bangkok Domestic Service in Thai 1300 GMT 17 Mar 82

[Excerpt] The Dutch prime minister and his delegation paid a courtesy call this afternoon on the Thai prime minister at Government House. In a ceremony the Dutch prime minister was presented with Thailand's exalted order of the white elephant. A citation was read and the Thai prime minister presented the decoration to the Dutch prime minister. The Thai prime minister proposed a toast in his honor.

The Thai and the Dutch prime ministers' full delegations held official discussions afterwards. High ranking officials attending the discussions on the Dutch side were the deputy minister of foreign affairs, the deputy minister of economic affairs, the deputy undersecretary of state for economic affairs and the director general of the Asian Affairs Political Department of the Ministry of Foreign Affairs. Major topics discussed were economic and political issues.

On economic matters, both sides agreed to expand bilateral relations in economic, trade and investment cooperation. The Netherlands proposed several projects for Thailand's consideration. However, Thailand has not given an immediate answer since it needs time to study the projects in detail in order to see what benefits Thailand will receive. The projects proposed by the Netherlands are, for example, a flood prevention project for Bangkok, a petrochemical industry development project and a long-distance telephone service development project.

The Thai prime minister appealed for consideration and support from the Netherlands' for Thailand's tapioca industry, since it is vital to Thailand's economy. The Netherlands promised to do its best to assist Thailand, because, in its opinion, tapioca is a cheap animal feed. The Thai prime minister also approached the Dutch for support for the arabica coffee strain experimental and development center to be set up at Ban Khun Chang Khian, Suthep District, Chiang Mai Province, an office of the narcotics control board project aimed at persuading the hilltribes to grow other crops instead of opium poppies. The Dutch prime minister pledged full support for this project in the future.

The Thai prime minister requested Dutch support for Thailand's membership in the general agreement on tariffs and trade. He persuaded the Netherlands to join the international tin agreement, which will contribute to the fair pricing of tin. Thailand is a major producer of tin. The Netherlands promised to take the matter into consideration.

On political issues, Thailand explained to the Netherlands about the refugees and the Kampuchean problems, as it has already explained to other countries. Discussions on political matters will resume on 19 March at the Dutch Embassy.

The Dutch prime minister and his delegation are guests at a reception this evening hosted in their honor at Government House by Prime Minister Gen Prem Tinsulanon.

CSO: 4207/73

BRIEFS

DUTCH PRIME MINISTER ARRIVES--Dutch Prime Minister Andreas Van Agt and delegation arrived at Bangkok Airport at 1100 today for an official visit to Thailand. They were welcomed at the airport by Deputy Prime Minister Gen Soem Na Nakhon, in his position as head of the reception committee, Foreign Minister Air Chief Marshal Sitthi Sawetsila, minister attached to the prime minister's office Lt Gen Chan Angsuchot and many members of the diplomatic corps. A formal reception ceremony was held at 1400 at Government House, where the Thai and Dutch prime ministers' full delegations held official discussions at 1440. At 1630 Prime Minister Gen Prem Tinsulanon accompanied the Dutch prime minister to an audience with the king at Chitlada Palace. [Excerpt] [BK171210 Bangkok Voice of Free Asia in Thai 1030 GMT 17 Mar 82]

COMMUNIST ACTIVITIES IN CHANTHABURI--According to Captian Thanatchai Bamrunghthian, representative of the Chanthaburi-Trat Command, communist terrorists in their operational zone 404 have mainly tried to collect information on government movements and to collect supplies. Their activities increased significantly--five times--in Makham District, Chanthaburi Province. They appeared once for unknown reasons in Pong Nam Ron District, Chanthaburi Province. They also appeared on a food collection mission in Tha Mai District. In late February it was learned that the communist terrorists were training 150 boys and girls, 15-17 years old, at Hua Kan Trong Mountain in Wang Nam Yen subdistrict, Prachin Buri Province, which is adjacent to Pong Nam Ron District in Chanthaburi Province. The training began in December 1981 and would last 3 months. After training, the trainees will operate in Sipha Chan and Soi Dao Mountain areas. No reports have been received on communist terrorist activities since the beginning of March. In any event, units concerned have been instructed to keep watch on communist terrorist activities. [Text] [BK220930 Bangkok Domestic Service in Thai 1300 GMT 21 Mar 82]

OBSERVATION OF AFGHANISTAN DAY--The Foreign Ministry has announced today that Thailand will join the international community to observe Afghanistan Day on 21 March 1981 to remind the world of the occupation of Afghanistan by foreign forces and the Afghan people's plight. Like Kampuchea, Afghanistan has suffered from the adverse consequences of foreign interference and occupation--violations of the UN Charter and international law. The Afghan people have been deprived of their fundamental rights, particularly the right to self-determination. Thailand wants to see Afghanistan a free,

independent and neutral state and once again demands the withdrawal of all foreign troops from that country and political solution to the Afghan problem in accordance with the UN resolution. [Text] [BK190250 Bangkok Domestic Service in Thai 0000 GMT 19 Mar 82]

SOLVING KAMPUCHEA PROBLEM--The Kampuchean problem must be solved through both political and military means. Supreme Commander Gen Saiyut Koetphon said: [Begin recording] Political or military efforts alone cannot solve the problem. It must be solved through both political and military means because the major objective is the withdrawal of the Vietnamese troops which will benefit us. They will not pull out voluntarily. In other words, there must be a force to push them out. Therefore, I believe we must use both political and military means. At present Vietnam is resorting solely to military means to achieve the goals of its foreign policy. It is obvious that Vietnam has not been any successful. [End recording] [Text] [BK190435 Bangkok Domestic Service in Thai 0000 GMT 19 Mar 82]

OUTGOING BRAZILIAN AMBASSADOR--On 16 March his majesty the king received Brazilian Ambassador Ney Moraes de Mello Mattos, who bade farewell upon completion of his assignment in Thailand. [BK180621 Bangkok Domestic Service in Thai 1300 GMT 16 Mar 82]

GOLD, CURRENCY RESERVES DROP--The Bank of Thailand has reported that Thailand's bullion and foreign currency reserves in February totaled \$2,422.9 million, as compared with \$2,577.2 million at the end of January and \$2,752.4 million at the end of December 1981. [Text] [Bangkok Domestic Service in Thai 1300 GMT 17 Mar 82]

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